# DORE HOLDINGS LIMITED
# 多金控股有限公司

Stock Code : 628

Annual Report **2013**

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# Corporate Information

## Board of directors

**Executive Director**

Yeung Heung Yeung *(Chairman)*

**Independent Non-executive Directors**

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

## Company secretary

Chan Kwong Leung, Eric

## Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark, 11 Pedder Street
Central, Hong Kong

## Principal banker

The Bank of East Asia, Limited

## 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
26 Burnaby Street
Hamilton HM 11
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. Competition in the gaming section in Macau has been more intense following the opening of more casinos and VIP gaming rooms. Increasing number of VIP junkets also brings challenges to the business of the Group. Due to the above, the Group has always been seeking investment opportunities to diversify the business of the Group and to broaden the revenue base. Subsequent to the year-end date, the Company has entered into a sale and purchase agreement to acquire a pawn loan business in the PRC which provides pawn services relating to movable and immovable properties (other than immovable properties located in autonomous regions, municipalities directly under the central government, or those under construction without permission for sale), right of disposal in the interest to properties; realization of overdue pawned items; valuation and consultancy services and other approved pawn-related business. We are confidence that the new pawn loan business can enhance long-term value of the shareholders.

## Financial review

For the year ended 31 March 2013, the Group was engaged in the gaming and entertainment sector.

Turnover of the Group was approximately HK$25,614,000 representing a 42.5% decrease over the corresponding figure of approximately HK$44,590,000 in 2012. The decrease in the Group's revenue was mainly attributable to the more intense competition in the gaming sector in Macau, thus less high net-worth VIP customers were secured and less rolling turnover were recorded in our junket business.

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% (2012: 100%). The Group's operating cost is related to administrative expenses.

Administrative expenses were approximately HK$5,047,000 for the year ended 31 March 2013, representing a 34.4% decrease from approximately HK$7,694,000 for 2012. The decrease was due to the decrease in legal and professional fee and salary.

Apart from the revenue and profit derived from the gaming sector, the Group has a loss of approximately HK$4,101,000 (2012: 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$16,477,000 for the year ended 31 March 2013, as compared to a profit in previous year of approximately HK$9,190,000.

Basic and diluted earnings per share for the year under review were both HK cents 0.76 (2012: earnings per share of HK cents 0.43).

# Management Discussion and Analysis *(Continued)*

## 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 2013, the Group has total assets of approximately HK$265,477,000 (2012: HK$248,994,000), current liabilities of approximately HK$1,541,000 (2012: HK$1,535,000) and did not have any non-current liabilities (2012: Nil).

Equity attributable to owners of the Company at 31 March 2013 was approximately HK$263,936,000 (2012: HK$247,459,000). The increase was due to the profit during the year.

At 31 March 2013, the cash and cash equivalents of the Group amounted to approximately HK$122,607,000 (2012: HK$110,399,000) and the Group's current ratio was 98.59 (2012: 88.24).

At 31 March 2013, the total liabilities of the Group amounted to approximately HK$1,541,000 (2012: HK$1,535,000). The Group's gearing ratio as at 31 March 2013, expressed as a percentage of total liabilities over total equity was 0.006 (2012: 0.006).

## Capital structure

During the year ended 31 March 2013, there is no change to the share capital of the Company. As at 31 March 2013, the Company has outstanding share capital of approximately 2,154,938,000 shares.

## Charges on group assets

At 31 March 2013, none of the Group's assets was pledged to any financial institution for facilities (2012: Nil).

## Contingent liabilities

At 31 March 2013, the Group had no contingent liabilities (2012: 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 *(Continued)*

## Employees

At 31 March 2013, the Group has a total of 3 employees (other than Directors) (2012: 4 employees). Total staff costs (including Directors' emoluments) during the year amounted to approximately HK$1,629,000 (2012: HK$2,560,000).

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 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 director) 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. The Directors consider that the junket business will not have further expansion due to intense competition.

Subsequent to the year-end date, the Company has announced the proposed acquisition of the pawn loan business in the PRC. In view of the development of the relevant industry in the PRC, the management believes that such business will help improve the financial performance of the Group.

# Biographical Details of Directors

## Executive Director

**Mr. Yeung Heung Yeung**, aged 50, 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 50, 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 48, 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 46, 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 2013.

## 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 25 to the consolidated financial statements.

## Results and dividends

The results of the Group for the year ended 31 March 2013 are set out in the consolidated statement of comprehensive income on page 27 of this annual report.

The Directors do not recommend the payment of final dividend for the year ended 31 March 2013 (2012: 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 audited 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 consolidated financial statements.

## Share capital

Details of movements in the Company's share capital, together with the reasons therefor are set out in note 20 to the consolidated financial statements.

## Share option scheme

The Company had adopted a share option scheme which was expired on 6 July 2012. On 28 September 2012, the Company adopted a new share option scheme (the "Share Option Scheme"), which was approved by the shareholders of the Company (the "Shareholders") at the annual general meeting of the Company held on 28 September 2012.

The purpose of the Share Option Scheme is to enable the Group to grant share options to the eligible participants as incentives or rewards for their contributions to the Group.

## Share option scheme *(Continued)*

According the Share Option Scheme, the Board may grant share options to the eligible participants as defined in the Share Option Scheme to subscribe for such number of shares as the Board may determine. Share options granted should be accepted within 21 days from the date of the letter of grant. Upon acceptance of the share options, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant. Subject to the terms of the Share Option Scheme and all applicable laws, the Board has the power to determine the period within which payments or calls must or may be made.

The subscription price of share options shall be determined by the Board, which shall be at least the highest of (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of the grant, which must be a business day; (ii) the average closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of the grant; and (iii) the nominal value of a share.

The maximum number of shares which may be issued upon the exercise of all share options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 10% of the issued share capital of the Company on the date of approval and adoption of the Share Option Scheme provided that the Company may at any time seek approval from its shareholders to refresh the limit to 10% of the shares in issue as at the date of approval by the Shareholders in general meeting where such limit is refreshed. Share options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

The total number of shares issued and which may fall to be issued upon exercise of the share options granted under the Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each eligible participant in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue as at the date of grant unless such grant has been duly approved by ordinary resolution of the Shareholders in general meeting at which the relevant eligible participant and his associates abstained from voting. Share options granted to substantial shareholders or independent non-executive Directors or any of their respective associates in any 12-month period in excess of 0.1% of the Company's issued share capital on the date of grant and with a value in excess of HK$5,000,000 must be approved in advance by the Shareholders.

The period during which a share option may be exercised will be determined by the Board at its absolute discretion, save that no share options can be exercised more than 10 years after it has been granted. There is no general requirement that a share options must be held for any minimum period before it can be exercised. The Share Option Scheme will expire on 27 September 2022.

For the year ended 31 March 2013, no share options were granted under the Share Option Scheme since its adoption on 28 September 2012. The maximum number of share option that can be granted by the Company was 215,493,857 share options.

# Report of the Directors *(Continued)*

## Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 21 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

## Distributable reserves

At 31 March 2013, 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 (2012: 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 24 to the consolidated 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, Mr. Yeung Heung Yeung and Ms. Lee Shiow Yue will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

# Report of the Directors *(Continued)*

## 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' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

At 31 March 2013, the interests and short positions of the directors and the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of 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") as set out in Appendix 10 of the Listing Rules were as follows:

**Long positions:**

***Ordinary shares of HK$0.01 each of the Company***

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

*Note:* SUR Limited held 349,000,000 shares. As SUR Limited is wholly and beneficially owned by Mr. Yeung Heung Yeung, the executive director and chairman of the Company, Mr. Yeung Heung Yeung is deemed to be interested in 349,000,000 shares.

Save as disclosed above, as at 31 March 2013, none of the directors or chief executive of the Company nor their associates had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## 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 2013, as far as known to the directors of the Company, the following persons or entities (not being a director or a chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

**Long positions:**

***Ordinary shares of HK$0.01 each of the Company***

| Name of shareholders | Capacity | Interest in shares | Interest in underlying shares | Total interest | Approximate 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 *(Note)* | Interest of controlled 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 held 349,000,000 shares. As SUR Limited is wholly and beneficially owned by Mr. Yeung Heung Yeung, the executive director and chairman of the Company, Mr. Yeung Heung Yeung is deemed to be interested in 349,000,000 shares.

## 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 ended 31 March 2013.

## Pre-emptive rights

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

## Sufficiency of public float

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

## Emolument policy

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

The emoluments of the directors of the Company are recommended by the remuneration committee of the Company, 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 15 to 24 of this annual report.

## Auditors

The consolidated financial statements for the year ended 31 March 2012 and 2011 were audited by HLB Hodgson Impey Cheng.

In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheung Limited. An ordinary resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company has been passed at annual general meeting held on 28 September 2012.

The consolidated financial statements for the year ended 31 March 2013 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. An ordinary resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the board

**Yeung Heung Yeung**
*Chairman*

Hong Kong
26 June 2013

# Corporate Governance Report

## Corporate governance practices

The board (the "Board") of directors (the "Directors") of the Company is committed to maintaining a high standard of corporate governance practices. The primary corporate governance rules applicable to the Company is the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Throughout the year ended 31 March 2013, the Company had complied with all code provisions set out in the CG Code, except for certain deviations disclosed herein.

## 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 2013.

## Board of directors

As at 31 March 2013, 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.

During the year, the Board held five Board meetings and meets as and when required. The company secretary of the Company assisted the chairman and an executive Director in establishing the meeting agenda, and each director was able to request inclusion of items in the agenda. All such meetings were convened in accordance with the bye-laws of the Company (the "Bye-laws"). According to code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend.

# Corporate Governance Report *(Continued)*

## Board of directors *(Continued)*

During the year, four out of five Board meetings were convened with less than 14 days' notice. As a result, the Board meetings were held with a shorter notice period than required with the consent of the Directors and all Directors were present in those meetings. The Board will try its best endeavor to meet the requirement of code provision A.1.3 of the CG Code in the future. Adequate and appropriate information are circulated to the Directors normally three days in advance of Board meetings or such period accepted by them. In addition to regular Board meetings, the chairman of the Board held a meeting with the independent non-executive Directors without the presence of the executive Director during the year.

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 of this annual report. To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among the directors.

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.

## Directors induction and continuous professional development

The Company provides regular updates on the business performance of the group to the 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.

The Company has maintained a training record in order to assist the Directors to record the training that they have undertaken and they are asked to submit a training record to the Company on annual basis.

## Directors induction and continuous professional development *(Continued)*

During the year, each individual Director has attended training courses or workshops relevant to his/her professional and/or duties as Director.

The individual training record of each Director received for the year ended 31 March 2013 is summarised below:

| Name of Directors | Course/Seminar provided/ accredited by Professional Body | Reading materials |
|---|---|---|
| ***Executive Director:*** | | |
| Mr. Yeung Heung Yeung | — | ✓ |
| ***Independent Non-executive Directors:*** | | |
| Ms. Lee Shiow Yue | ✓ | — |
| Mr. Poon Wai Hoi, Percy | ✓ | — |
| Mr. Tang Chi Ho, Francis | ✓ | — |

All Directors also understand the importance of continuous professional development and they are committed to participating any suitable training or reading relevant materials to develop and refresh their knowledge and skills.

## Corporate governance function

The Board is responsible for performing the corporate governance duties as set out below:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to directors and employees; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

# Corporate Governance Report *(Continued)*

## Directors' and officers' liability insurance and indemnity

To indemnify directors and officers of the Company against all costs, charges, losses, expenses and liabilities incurred by them in the executive of and discharge of their duties or in relation thereto, the Company has arranged insurance cover for this purpose.

## Chairman and chief executive

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

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

The Board believes that the roles of chairman and chief executive performed by Mr. Yeung Heung Yeung can provide the Group with strong and consistent leadership and allow for more effective and efficient business planning and decisions as well as execution of long term business strategies.

## Appointments, re-election and removal of directors

Pursuant to Bye-law 87(1) of the Bye-laws, one-third of the Directors for the time being shall retire by rotation at each annual general meeting of the Company at least once every three years. All retiring Director shall be eligible for re-election.

Bye-law 86(2) of the Bye-laws provides that (1) any director appointed by the Board shall hold office only until the next following general meeting of the Company after his/her appointment, or (2) any director appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

According to code provision A.4.1 of the CG Code, the 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, were not appointed for a specific term but were subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the provisions of the Bye-laws and their appointment would be reviewed when they were due for re-election.

## Board committees

The Board has established three committees with specific responsibilities as described below. The terms of reference of the remuneration committee (the "Remuneration Committee"), nomination committee (the "Nomination Committee") and audit committee (the "Audit Committee") of the Company are posted on the websites of the Company and the Stock Exchange.

## Remuneration committee

As at 31 March 2013, the Remuneration Committee comprises two independent non-executive Directors, Ms. Lee Shiow Yue as the chairman, and Mr. Tang Chi Ho, Francis and an executive Director, Mr. Yeung Heung Yeung. The majority of the members of the Remuneration Committee are independent non-executive Directors. 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. No individual Director is involved in decisions relating to his/her own remuneration. The Remuneration Committee has adopted the model under code provision B.1.2(c)(ii) of the CG Code to make recommendations to the Board on the remuneration packages of individual Directors and senior management. Meetings of the Remuneration Committee shall be held at least once a year.

During the year, there were one meeting held by the Remuneration Committee to review and recommend the remuneration packages of the executive Director and senior management for the year ended 31 March 2013.

Details of the remuneration paid to Directors and members of senior management by band for the year ended 31 March 2013 are disclosed in notes 9 and 10 to the consolidated financial statements.

## Nomination committee

As at 31 March 2013, 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. Meetings of the Nomination Committee shall be held at least once a year.

During the year, there were one meeting held by the Nomination Committee to (i) review the structure, size and composition of the Board; (ii) nominate two independent non-executive Directors for re-election at the annual general meeting held on 28 September 2012 (the "AGM"); and (iii) assess the independence of independent non-executive Directors with reference to the requirements under the Listing Rules.

## Audit committee

As at 31 March 2013, 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. The Audit Committee is responsible for reviewing the Group's financial statements, overseeing the Group's financial reporting and internal control procedures, and making recommendations to the Board. 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. Meetings of the Audit Committee shall be held at least twice a year.

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, there were two meetings held by the Audit Committee to (i) review the work done by external auditors, the relevant fees and terms, the accounting principles and practices adopted by the Group, Listing Rules and statutory compliance; (ii) review and discuss with the auditor the audited financial statements for the year ended 31 March 2012 and the unaudited interim financial statements for the six months ended 30 September 2012, with recommendations to the Board for approval; (iii) review report on internal control system covering financial, operational, procedural compliance and risk management functions; (iv) consider the independent auditors' independence and fee in relation to the unaudited interim financial statements of the Group for the six months ended 30 September 2012 and the audited financial statements of the Group for the year ended 31 March 2012; and (v) review and recommend to the Board the auditor's re-appointment and remuneration.

The chairman of the Audit Committee, Ms. Poon Wai Hoi, Percy, possesses appropriate professional qualification in finance and accounting and meets the requirements of Rule 3.21 of the Listing Rules.

### Auditors' Remuneration

During the year, the Group was charged by the auditor, HLB Hodgson Impey Cheng Limited, the following auditing and non-auditing services as follows:

| **Service rendered** | **Fees paid/payable** ***HK$'000*** |
|---|---|
| Audit services | 550 |
| Non-audit services | — |
| | 550 |

# Corporate Governance Report *(Continued)*

## Board meetings, board committee meetings and annual general meeting

Details of individual Directors' attendance at the Board meetings, Board Committee meetings and the AGM are set out as follow:

| | Attended/Eligible to attend | | | | |
|---|---|---|---|---|---|
| | Board Meetings | Audit Committee Meetings | Remuneration Committee Meeting | Nomination Committee Meeting | AGM |
| ***Executive Director:*** | | | | | |
| Mr. Yeung Heung Yeung[1] | 5/5 | N/A | 1/1 | 1/1 | 1/1 |
| ***Independent Non-executive Directors:*** | | | | | |
| Ms. Lee Shiow Yue[2] | 5/5 | 2/2 | 1/1 | 1/1 | 0/1 |
| Mr. Poon Wai Hoi, Percy[3] | 5/5 | 2/2 | N/A | N/A | 1/1 |
| Mr. Tang Chi Ho, Francis | 5/5 | 2/2 | 1/1 | 1/1 | 1/1 |

*Notes:*

1. Mr. Yeung Heung Yeung is the chairman of the Board.

2. Ms. Lee Shiow Yue is the chairman of the Remuneration Committee and Nomination Committee.

3. Mr. Poon Wai Hoi, Percy is the chairman of the Audit Committee.

## Accountability and audit

The Directors are responsible for the preparation of the financial statements of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give a true and fair view of the state of affairs, the results of operations and cash flows of the Group. In preparing the financial statements for the six months ended 30 September 2012 and for the year ended 31 March 2013, the Directors have adopted suitable accounting policies and applied them consistently. The accounts for the reporting year have been prepared on a going concern basis.

The Directors acknowledge their responsibility to prepare the financial statements as set out on page 25. The statement of the external auditors about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 25 to 26 of this annual report.

## Internal controls

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.

## Company secretary

The Company's secretarial functions are outsourced to external service provider. Mr. Yeung Heung Yeung, the chairman of the Board and an executive Director, is the primary contact person of the Company with the external service provider.

According to the newly introduced Rule 3.29 of the Listing Rules, Mr. Chan Kwong Leung, Eric, the company secretary of the Company, has taken no less than 15 hours of relevant professional training during the year ended 31 March 2013.

## Shareholders' rights

**Procedures for convening a special general meeting**

Shareholders shall have the right to request the Board to convene a special general meeting (the "SGM") of the Company. Shareholders holding in aggregate of not less than one-tenth of the paid up capital of the Company may send a written request to the Board of the Company to request for the SGM.

The written requisition, duly signed by the shareholders concerned, must state the purposes of the meeting and must be deposited at the Company's head office and principal place of business in Hong Kong at Unit 3903, 39/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong or at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Section 74 of the Companies Act 1981 of Bermuda (the "Companies Act") once a valid requisition is received.

## Shareholders' rights *(Continued)*

**Procedures for shareholders to put forward proposals at general meetings**

The following shareholders are entitled to put forward a proposal (which may properly be put to the meeting) for consideration at a general meeting of the Company:

(a) any number of members representing not less than one-twentieth of the total voting rights of the Company on the date of the requisition; or

(b) not less than 100 members holding shares in the Company.

The requisition specifying the proposal, duly signed by the shareholders concerned, together with a statement of not more than 1,000 words with respect to the matter referred to in the proposal must be deposited at the Company's head office and principal place of business in Hong Kong at Unit 3903, 39/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong or at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong. The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 79 and 80 of the Companies Act once valid documents are received.

If a shareholder wishes to propose a person other a retiring Director for election as a Director at a general meeting, the shareholder should follow the "Procedures for shareholders to propose a person for election as a Director", which can be found on the website of the Company.

**Procedures for directing shareholders' enquiries to the Board**

Shareholders may at any time send in their enquiries and concerns to the Board in writing via the following channel:

The Board of Directors/Company Secretary
Dore Holdings Limited
Unit 3903, 39/F
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

Shareholders may also make enquiries with the Board at the general meetings of the Company.

# Corporate Governance Report *(Continued)*

## Communication with shareholders and investors

The Company established a shareholders' communication policy and review it on a regular basis to ensure its effectiveness. 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 website of the Company.

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, 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 Company's branch share registrar and transfer office 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.

## Investor relations

In order to bring the Bye-laws in line with the latest amendments made to the Listing Rules and the Companies Act and to incorporate certain amendments, the Board resolved to put forward a special resolution to adopt the new bye-laws in substitution of the existing bye-laws of the Company. Details of the amendments to the bye-laws of the Company are set out in the Company's circular dated 29 August 2012. The new bye-laws were duly adopted with effect upon the passing of the relevant resolution at the annual general meeting of the Company held on 28 September 2012 and are currently available on the websites of the Company and the Stock Exchange.

# Independent Auditors' Report

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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

**TO THE SHAREHOLDERS OF**
**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 27 to 83, which comprise the consolidated and company statements of financial position as at 31 March 2013 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.

## 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 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 2013 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 Limited**
Certified Public Accountants

**Hon Koon Fai, Alex**
Practicing Certificate Number: P05029

Hong Kong, 26 June 2013

# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

| | Notes | 2013 HK$'000 | 2012 HK$'000 |
|---|---|---|---|
| Turnover | 6 | **25,614** | 44,590 |
| Other revenue | 6 | **11** | 9 |
| Administrative expenses | | **(5,047)** | (7,694) |
| Fair value changes on financial assets at fair value through profit or loss | | **(4,101)** | (27,715) |
| Profit before taxation | | **16,477** | 9,190 |
| Taxation | 8 | **—** | — |
| Profit for the year | 7 | **16,477** | 9,190 |
| Other comprehensive income for the year, net of tax | | **—** | — |
| **Total comprehensive income for the year** | | **16,477** | 9,190 |
| **Profit for the year attributable to owners of the Company** | | **16,477** | 9,190 |
| **Total comprehensive income attributable to owners of the Company** | | **16,477** | 9,190 |
| **Earnings per share** | 12 | | |
| — Basic and diluted (HK cents) | | **0.76** | 0.43 |

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 2013

| | Notes | 2013 HK$'000 | 2012 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | *14* | **7** | 10 |
| Intangible asset | *15* | **113,539** | 113,539 |
| | | **113,546** | 113,549 |
| **Current assets** | | | |
| Accounts receivable | *17* | **2,560** | 2,240 |
| Prepayments and other receivables | *18* | **417** | 187 |
| Financial assets at fair value through profit or loss | *19* | **26,347** | 22,619 |
| Cash and bank balances | | **122,607** | 110,399 |
| | | **151,931** | 135,445 |
| ***Less*: Current liability** | | | |
| Accruals | | **1,541** | 1,535 |
| **Net current assets** | | **150,390** | 133,910 |
| **Total assets less current liability** | | **263,936** | 247,459 |
| **Net assets** | | **263,936** | 247,459 |
| **Capital and reserves** | | | |
| Share capital | *20(a)* | **21,549** | 21,549 |
| Reserves | *21(a)* | **242,387** | 225,910 |
| **Equity attributable to owners of the Company** | | **263,936** | 247,459 |

Approved by the board of directors on 26 June 2013 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 2013

| | Notes | 2013 HK$'000 | 2012 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | *14* | **7** | 10 |
| Interests in subsidiaries | *16* | **1,591** | 10 |
| | | **1,598** | 20 |
| **Current assets** | | | |
| Prepayments and other receivables | *18* | **417** | 187 |
| Financial assets at fair value through profit or loss | *19* | **26,347** | 22,619 |
| Cash and bank balances | | **121,583** | 110,399 |
| | | **148,347** | 133,205 |
| ***Less:* Current liabilities** | | | |
| Accruals | | **1,536** | 1,531 |
| Amount due to a subsidiary | *16* | **130,244** | 104,954 |
| | | **131,780** | 106,485 |
| **Net current assets** | | **16,567** | 26,720 |
| **Total assets less current liabilities** | | **18,165** | 26,740 |
| **Net assets** | | **18,165** | 26,740 |
| **Capital and reserves** | | | |
| Share capital | *20(a)* | **21,549** | 21,549 |
| Reserves | *21(b)* | **(3,384)** | 5,191 |
| **Total equity** | | **18,165** | 26,740 |

Approved by the board of directors on 26 June 2013 and signed on its behalf by:

**Yeung Heung Yeung**
*Director*

**Poon Wai Hoi, Percy**
*Director*

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

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

| | Share capital HK$'000 | Reserves | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Share premium HK$'000 (note i) | Contributed surplus HK$'000 (note ii) | Capital reserve HK$'000 (note iii) | Revaluation reserve HK$'000 (note iv) | Accumulated losses HK$'000 | Total reserves HK$'000 | Total equity HK$'000 |
| 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 and at 1 April 2012 | 21,549 | 594,310 | 569,044 | 85,889 | 638 | (1,023,971) | 225,910 | 247,459 |
| Net profit for the year | — | — | — | — | — | 16,477 | 16,477 | 16,477 |
| Total comprehensive income for the year | — | — | — | — | — | 16,477 | 16,477 | 16,477 |
| **At 31 March 2013** | 21,549 | 594,310 | 569,044 | 85,889 | 638 | (1,007,494) | 242,387 | 263,936 |

*Notes:*

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

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

The balance of approximately HK$472,295,000 was resulted from the elimination of accumulated losses from the share premium account during the year ended 31 March 2009. The amount of approximately HK$325,372,000 was credited to the contributed surplus due to capital reduction during year ended 31 March 2010.

The amount of approximately HK$231,319,000 was offset from the contributed surplus account to accumulated losses during 31 March 2010.

*Notes: (continued)*

(iii) 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 on 4 January 2007.

(iv) 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 2013

| | Notes | 2013 HK$'000 | 2012 HK$'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before taxation | | **16,477** | 9,190 |
| Adjustments for: | | | |
| Interest income | *6* | **(11)** | (9) |
| Fair value changes on financial assets at fair value through profit or loss | | **4,101** | 27,715 |
| Depreciation | *14* | **3** | 8 |
| Operating profit before working capital changes | | **20,570** | 36,904 |
| (Increase)/decrease in accounts receivable | | **(320)** | 374 |
| Increase in prepayments and other receivables | | **(230)** | (90) |
| Increase in accruals | | **5** | 457 |
| Net cash generated from operating activities | | **20,025** | 37,645 |
| **Cash flows from investing activities** | | | |
| Interest received | | **11** | 9 |
| Increase in financial assets at fair value through profit or loss | | **(7,828)** | (3,503) |
| Net cash generated from investing activities | | **(7,817)** | (3,494) |
| **Net increase in cash and cash equivalents** | | **12,208** | 34,151 |
| **Cash and cash equivalents at the beginning of the year** | | **110,399** | 76,248 |
| **Cash and cash equivalents at the end of the year** | | **122,607** | 110,399 |
| **Analysis of the balances of cash and cash equivalents** | | | |
| Cash and bank balances | | **122,607** | 110,399 |

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

## 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 "Stock Exchange"). 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

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 Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning 1 April 2012.

| | |
|---|---|
| HKFRS 1 (Amendment) | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters |
| HKFRS 7 (Amendments) | Disclosures — Transfers of Financial Assets |
| HKAS 12 (Amendments) | Deferred Tax — Recovery of Underlying Assets |

The application of the above new HKFRSs had no material affect on the results and financial positions of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustments has been required.

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

| | |
|---|---|
| HKFRSs (Amendments) | Annual Improvements to HKFRSs 2009-2011 Cycle[2] |
| HKFRS 1 (Amendments) | Government Loans[2] |
| HKFRS 7 (Amendments) | Disclosures — Offsetting Financial Assets and Financial Liabilities[2] |
| HKFRS 7 and HKFRS 9 (Amendments) | Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4] |
| HKFRS 9 | Financial Instruments[4] |
| HKFRS 10 | Consolidated Financial Statements[2] |
| HKFRS 11 | Joint Arrangements[2] |
| HKFRS 12 | Disclosure of Interests in Other Entities[2] |
| HKFRS 13 | Fair Value Measurement[2] |

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

| | |
|---|---|
| HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments) | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities — Transition Guidance[2] |
| HKFRS 10, HKFRS 12 and HKAS 27 (Amendments) | Investment Entities[3] |
| HKAS 1 (Amendments) | Presentation of Items of Other Comprehensive Income[1] |
| HKAS 19 (as revised in 2011) | Employee Benefits[2] |
| HKAS 27 (as revised in 2011) | Separate Financial Statements[2] |
| HKAS 28 (as revised in 2011) | Investments in Associates and Joint Ventures[2] |
| HKAS 32 (Amendments) | Presentation — Offsetting Financial Assets and Financial Liabilities[3] |
| HKAS 36 (Amendments) | Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets[3] |
| HK(IFRIC) — Int 20 | Stripping Costs in the Production Phase of a Surface Mine[2] |
| HK(IFRIC) — Int 21 | Levies[3] |

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

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

**HKFRS 9 *Financial Instruments***

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:

- 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

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

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

**New and revised standards on consolidation, joint arrangements, associates and disclosures**

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK (SIC) – Int 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, 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*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. 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 consolidation.

HKFRS 12 is a disclosure standard 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.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time.

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

**HKFRS 13 *Fair Value Measurement***

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.

**HKAS 1 (Amendments) *Presentation of Items of Other Comprehensive Income***

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. 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 items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments 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.

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

**HKAS 19 *Employee Benefits***

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 fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. 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. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

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

**Amendments to HKFRS 7 and HKAS 32 *Offsetting Financial Assets and Financial Liabilities and the related disclosures***

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

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

**Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012**

The *Annual Improvements to HKFRSs 2009 – 2011 Cycle* include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- amendments to HKAS 1 *Presentation of Financial Statements*;
- amendments to HKAS 16 *Property, Plant and Equipment*; and
- amendments to HKAS 32 *Financial Instruments: Presentation*.

***HKAS 1 (Amendments)***

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

***HKAS 16 (Amendments)***

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statements.

***HKAS 32 (Amendments)***

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 *Income Taxes*. The directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements.

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

**Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) *Investment Entities***

The *Investment Entities* amendments apply to a particular class of business that qualify as investment entities. The term 'investment entity' refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

Under HKFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information.

In response to this, the amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of HKFRS 10.

**Amendments to HKAS 36 *Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets***

The amendments to HKAS 36 are to remove certain unintended disclosure requirements which may be introduced by the consequential amendments to HKAS 36 when HKFRS 13 was issued. Furthermore, these amendments require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. However, an entity may not apply those amendments in periods (including comparative periods) in which it does not also apply HKFRS 13.

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)*

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 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 Stock Exchange (the "Listing Rules"). These consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company. All values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

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. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

**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.

Income and expenses 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. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

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 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

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

## 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, when applicable, on basis specified in another HKFRS.

Where the consideration transferred the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and 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. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed 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. 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 tangible and intangible assets other than goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible asset with indefinite useful lives is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

**Impairment of tangible and intangible assets other than goodwill** *(Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**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 and recognised seperately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

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

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**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 two 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

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

**Financial instruments** *(Continued)*

*Financial assets (Continued)*

*Financial assets at FVTPL (Continued)*

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

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

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

*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, 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 15 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

## 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

**Financial instruments** *(Continued)*

*Financial liabilities and equity instruments* (Continued)

*Other financial liabilities*

Other financial liabilities (including accruals) 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 continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

**Financial instruments** *(Continued)*

*Derecognition (Continued)*

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in 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 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 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**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**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 recognised 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 at the date. 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

## 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. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

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 equity.

**Retirement benefits costs**

*Paid leave carried forward*

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

*Retirement benefits scheme*

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

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

**Retirement benefits costs** *(Continued)*

*Share option scheme*

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

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

**Taxation**

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

*Current tax*

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

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

**Taxation** *(Continued)*

*Deferred tax*

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. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of 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 associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

*Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## 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.

## 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:

(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.

(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.

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

**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 (2012: HK$113,539,000).

## 4. Financial instruments and capital risk management

### (a) Categories of financial instruments

| | 2013 | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **The Group** | | |
| **Financial assets** | | |
| Classified as fair value through profit or loss | | |
| — Held for trading | **26,347** | 22,619 |
| Loans and receivables | | |
| (including cash and cash equivalents) | **125,174** | 112,639 |
| **Financial liabilities** | | |
| Amortised cost | **1,541** | 1,535 |
| **The Company** | | |
| **Financial assets** | | |
| Classified as fair value through profit or loss | | |
| — Held for trading | **26,347** | 22,619 |
| Loans and receivables | | |
| (including cash and cash equivalents) | **123,181** | 110,409 |
| **Financial liabilities** | | |
| Amortised cost | **131,780** | 106,485 |

## 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 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 exposures 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 operates 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.

*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 2013 would increase/decrease by approximately HK$1,317,000 (2012: HK$1,130,000). 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 2013 and 2012, 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 was 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 accounts receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors 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 are the general source of funds to finance the operation of the Group and of the Company. The Group and the Company regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The following tables detail the Group's and the Company's remaining contractual maturity for 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 2013** | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Accruals | **—** | **(1,541)** | **—** | **—** | **(1,541)** | **(1,541)** |
| At 31 March 2012 | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Accruals | — | (1,535) | — | — | (1,535) | (1,535) |

## 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 2013** | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Accruals | **—** | **(1,536)** | **—** | **—** | **(1,536)** | **(1,536)** |
| Amount due to subsidiary | **—** | **(130,244)** | **—** | **—** | **(130,244)** | **(130,244)** |
| | | **(131,780)** | **—** | **—** | **(131,780)** | **(131,780)** |
| At 31 March 2012 | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Accruals | — | (1,531) | — | — | (1,531) | (1,531) |
| Amount due to subsidiary | — | (104,954) | — | — | (104,954) | (104,954) |
| | | (106,485) | — | — | (106,485) | (106,485) |

*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 recognised in the consolidated financial statements approximate to 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 2013 | | | |
|---|---|---|---|---|
| **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 | **26,347** | **—** | **—** | **26,347** |

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

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

*Fair value of financial instruments (Continued)*

| | 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 |

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

### (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 include total liabilities and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

*Gearing ratio*

The directors review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The ratio is calculated based on total debt and owners' equity. The gearing ratio was fairly the same as the capital structure of the Group did not have significant change for the years ended 2013 and 2012.

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

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Total debts | **1,541** | 1,535 |
| Owners' equity | **263,936** | 247,459 |
| Gearing ratio | **0.006** | 0.006 |

## 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 2013 and 2012 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 customer in Macau.

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

| | **Non-current assets** | |
|---|---|---|
| | **2013** | 2012 |
| | ***HK$'000*** | *HK$'000* |
| Macau | **113,539** | 113,539 |
| Hong Kong | **7** | 10 |
| | **113,546** | 113,549 |

**Information about major customer**

All of the Group's revenue for the years ended 31 March 2013 and 2012 are generated from the single customer.

## 6. Turnover and other revenue

An analysis of turnover and other revenue is as follows:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Turnover** | | |
| Profit streams from gaming and entertainment related business | **25,614** | 44,590 |
| **Other revenue** | | |
| Interest income | **11** | 9 |

Other revenue analysed by categories of assets is as follows:

| | | |
|---|---|---|
| **Financial instruments** | | |
| Loans and receivables (including cash and bank balances) | **11** | 9 |

## 7. Profit for the year

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| The Group's profit for the year is arrived at after charging: | | |
| Depreciation | **3** | 8 |
| Auditors' remuneration | **550** | 550 |
| Minimum lease payments under operating leases in respect of land and buildings | **—** | 62 |
| Staff costs (excluding directors' remuneration — *Note 9*) | | |
| Salaries and wages | **1,254** | 2,171 |
| Pension scheme contributions | **15** | 29 |
| | **1,269** | 2,200 |

## 8. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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 2013 and 2012. The Group is not subject to any tax in Macau.

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Tax charged for the year | **—** | — |

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

| | **2013** | | 2012 | |
|---|---|---|---|---|
| | ***HK$'000*** | ***%*** | *HK$'000* | *%* |
| **Profit before taxation** | **16,477** | | 9,190 | |
| Tax at the applicable profits tax rate | **2,719** | **16.5** | 1,516 | 16.5 |
| Tax effect of income not taxable for tax purpose | **(4,228)** | **(25.7)** | (7,357) | (80.0) |
| Tax effect of expenses not deductible for tax purpose | **346** | **2.1** | 102 | 1.1 |
| Tax effect of unrecognised temporary differences | **1,163** | **7.1** | 5,739 | 62.4 |
| Tax charge at the effective tax rate for the year | **—** | **—** | — | — |

## 9. 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 years ended 31 March 2013 and 2012 disclosed pursuant to 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 | |
|---|---|---|---|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **Executive director** | | | | | | | | |
| Mr. Yeung Hung Yeung *(Chairman)* | **—** | — | **—** | — | **—** | — | **—** | — |
| **Independent non-executive directors** | | | | | | | | |
| Mr. Poon Wai Hoi, Percy | **120** | 120 | **—** | — | **—** | — | **120** | 120 |
| Mr. Tang Chi Ho | **120** | 120 | **—** | — | **—** | — | **120** | 120 |
| Ms. Lee Shiow Yue | **120** | 120 | **—** | — | **—** | — | **120** | 120 |
| | **360** | 360 | **—** | — | **—** | — | **360** | 360 |

For the years ended 31 March 2013 and 2012, 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 for the years ended 31 March 2013 and 2012.

## 10. Highest paid employees and senior management's emoluments

**Highest paid employees**

The highest paid employees during the year did not include any director (2012: Nil). Details of the remuneration of 3 (2012: 4) non-director, highest paid employees for the years are as follows:

| | The Group | |
|---|---|---|
| | **2013** | 2012 |
| | ***HK$'000*** | *HK$'000* |
| Salaries, allowances and benefits in kind | **1,254** | 2,171 |
| Pension scheme contributions | **15** | 29 |
| | **1,269** | 2,200 |

Their emoluments were within the following bands:

| | Number of employees | |
|---|---|---|
| | **2013** | 2012 |
| Nil — HK$1,000,000 | **2** | 3 |
| HK$1,000,001 — HK$1,500,000 | **1** | 1 |

For the years ended 31 March 2013 and 2012, 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.

**Senior management of the Company**

The emoluments of the senior management of the Company are within the following band:

| | Number of employees | |
|---|---|---|
| | **2013** | 2012 |
| Nil — HK$1,000,000 | **3** | 3 |

## 11. Dividends

No dividend was proposed by the director for the year ended 31 March 2013 (2012: Nil).

## 12. Earnings per share

**Basic earnings per share**

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

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| *Earnings* | | |
| Profit attributable to owners of the Company for the purpose of basic earnings per share | **16,477** | 9,190 |

| | **2013** | 2012 |
|---|---|---|
| | ***'000*** | *'000* |
| *Number of ordinary shares* | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **2,154,938** | 2,154,938 |

**Diluted earnings per share**

Diluted earnings per share for the years ended 31 March 2013 and 2012 were the same as the basic earnings per share.

There were no dilutive events existed during the years ended 31 March 2013 and 2012.

## 13. Profit attributable to owners of the Company

The consolidated profit (2012: profit) attributable to owners of the Company for the year ended 31 March 2013 includes a loss of approximately HK$8,575,000 (2012: HK$34,778,000) which has been dealt with in the financial statement of the Company.

## 14. Property, plant and equipment

**The Group and the Company**

| | Leasehold improvements | Furniture, fixtures and office equipment | Total |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Cost** | | | |
| At 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013 | 3,263 | 516 | 3,779 |
| **Accumulated depreciation and impairment** | | | |
| At 1 April 2011 | 3,263 | 498 | 3,761 |
| Charged for the year | — | 8 | 8 |
| At 31 March 2012 and 1 April 2012 | 3,263 | 506 | 3,769 |
| Charged for the year | — | 3 | 3 |
| At 31 March 2013 | 3,263 | 509 | 3,772 |
| **Net book value** | | | |
| **At 31 March 2013** | **—** | **7** | **7** |
| At 31 March 2012 | — | 10 | 10 |

## 15. Intangible asset

**The Group**

| | Rights in sharing of profit streams<br>*HK$'000* |
|---|---|
| **Cost** | |
| At 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013 | 1,495,278 |
| **Accumulated impairment** | |
| At 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013 | 1,381,739 |
| **Carrying amount** | |
| **At 31 March 2013** | **113,539** |
| At 31 March 2012 | 113,539 |

Details of intangible asset is as follows:

| | Nove Profit Agreement<br>*HK$'000* |
|---|---|
| At 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013 | 113,539 |

## 15. Intangible asset *(Continued)*

**The Group** *(Continued)*

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

No impairment loss was recognised for the years ended 31 March 2013 and 2012 by reference to the valuation report issued by Messrs. Grant Sherman Appraisal Limited, independent qualified professional valuer, which valued the intangible asset 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 is considered to be saturated in long run. Hence, the cash flow beyond the five-year period are extrapolated using zero growth rate (2012: zero). 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 21% (2012: 25.53%).

The junket licences associated with the rights in sharing of profit streams is renewable annually by the Macau Government. The Directors 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 consider that the intangible asset is treated as having indefinite useful lives.

## 16. Interests in subsidiaries

**The Company**

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Investment cost | **—** | — |
| Amounts due from subsidiaries | **1,591** | 10 |
| Total | **1,591** | 10 |
| Amount due to a subsidiary | **130,244** | 104,954 |

The amounts due from subsidiaries are unsecured, interest-free and not receivable within one year from the reporting period and the amounts are therefore shown as non-current assets.

The amount due to a subsidiary is unsecured, interest-free and repayable on demand.

The directors had estimated the advances to subsidiaries 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 2013 and 2012 are set out in Note 25.

## 17. Accounts receivable

**The Group**

The Group's trading terms with its customer 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:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 15 days | **2,560** | 2,240 |

Included in the Group's accounts receivable balance, no debtors are past due at the date of approval of the consolidated financial statements (2012: Nil). The Group does not hold any collateral over these balances.

## 18. Prepayments and other receivables

**The Group and the Company**

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Prepayments | **410** | 187 |
| Other receivables | **7** | — |
| | **417** | 187 |

## 19. Financial assets at fair value through profit or loss

**The Group and the Company**

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Financial assets at fair value through profit or loss comprise: | | |
| Held for trading: | | |
| — Equity securities listed in Hong Kong | **26,347** | 22,619 |

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

## 20. Share capital

**(a) Shares**

| | **Number of ordinary shares** | | **Share capital** | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | ***'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 and the end of the year, ordinary shares of HK$0.01 each | **2,154,938** | 2,154,938 | **21,549** | 21,549 |

## 20. Share capital *(Continued)*

### (b) Share option scheme

A share option scheme (the "Scheme") was conditionally approved by a written resolution of all shareholders of the Company dated 6 July 2002 and remained 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.

In view of the expiry of the Scheme, the Company approved and adopted a new share option scheme ("New Scheme") on 28 September 2012, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The purpose of the New Scheme is to enable the Company to grant options to selected employees and directors (including any directors, whether executive or non-executive and whether independent or not of the Company or any subsidiaries) and any suppliers, consultants, agents and adviser of any person who, in the sole discretion of the board of directors, has contributed or may contribute to the Group.

The subscription price for shares under the New 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 New 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 New Scheme and any other share option schemes of the Company must not in aggregate exceed 215,493,857 shares, representing 10% of the issued share capital of the Company, as at the date of adoption of the New Scheme. 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 New 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.

## 20. Share capital *(Continued)*

### (b) Share option scheme *(Continued)*

A grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by all the independent non-executive directors (excluding any independent non-executive directors who 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.

An option may be exercised in accordance with the terms of the New 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 of directors 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 New Scheme, there is no general requirement for a minimum holding period or performance targets before an option may be exercised.

The directors may terminate the New 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 New Scheme.

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.

## 20. Share capital *(Continued)*

### (b) Share option scheme *(Continued)*

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the consolidated 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).

Up to the date of this report, no share options have been granted by the Company under the New Scheme during the year ended 31 March 2013.

## 21. 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 30 of the consolidated financial statements.

### (b) The Company

| | Share premium | Contributed surplus | Capital reserve | Accumulated losses | Total |
|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *(note i)* | *(note ii)* | *(note iii)* | | |
| At 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 and 1 April 2012 | 594,310 | 569,044 | 85,889 | (1,244,052) | 5,191 |
| Net loss for the year | — | — | — | (8,575) | (8,575) |
| Total comprehensive loss for the year | — | — | — | (8,575) | (8,575) |
| **At 31 March 2013** | **594,310** | **569,044** | **85,889** | **(1,252,627)** | **(3,384)** |

## 21. Reserves *(Continued)*

**(b) The Company** *(Continued)*

*Notes:*

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

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

The balance of approximately HK$472,295,000 was resulted from the elimination of accumulated losses from the share premium account during the year ended 31 March 2009. The amount of approximately HK$325,372,000 was credited to the contributed surplus due to capital reduction during year ended 31 March 2010.

The amount of approximately HK$231,319,000 was offset from the contributed surplus account to accumulated losses during 31 March 2010.

(iii) 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 on 4 January 2007.

(iv) The accumulated loss attributable to owners of the Company includes a loss of approximately HK$8,575,000 (2012: HK$34,778,000) which has been dealt with in the consolidated financial statements of the Company.

## 22. Commitments

The Group and the Company did not have any significant capital and operating lease commitments as at 31 March 2013 (2012: Nil).

## 23. Contingent liabilities

The Group and the Company had no material contingent liabilities as at 31 March 2013 (2012: Nil).

## 24. Material related party transactions

Save as disclosed elsewhere in the consolidated financial statements, during the years ended 31 March 2013 and 2012, 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 senior management of the Company as disclosed in Notes 9 and 10 to the consolidated financial statements, is as follows:

| | **2013** | 2012 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Salaries and allowance | **360** | 360 |

## 25. 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 | British Virgin Islands | US$100 Ordinary | — | 100 | Receive profit streams from gaming and entertainment related business |
| Sonda Holdings Limited* | Hong Kong | HK$1 Ordinary | 100 | — | Investment holding |

* Sonda Holdings Limited was incorporated on 3 April 2012.

## 26. Event after the reporting period

On 13 June 2013, the Company entered into a conditional sale and purchase agreement with East Summit Organization (Holdings) Limited to acquire 51% of the entire issued share capital of Ability Wealth Holdings Limited and its subsidiaries (the "Target Group") at the total consideration of HK$14,000,000. The principal activities of the Target Group include financial consulting, enterprise management consulting and business information consulting. The consideration will be settled by convertible notes in the principal amount of HK$14,000,000 with a conversion price at HK$0.07 per conversion share. For further details, please refer to the Company's announcement dated 13 June 2013.

## 27. Comparative

Certain comparative amounts have been reclassified to confirm with the current year's presentation.

## 28. Authorisation for issue of consolidated financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 26 June 2013.

# Summary Financial Information

## RESULTS

| | Year ended 31 March | | | | |
|---|---|---|---|---|---|
| | **2013** | 2012 | 2011 | 2010 | 2009 |
| | ***HK$'000*** | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Turnover | **25,614** | 44,590 | 51,757 | 352,806 | 439,720 |
| Profit/(loss) for the year attributable to: | | | | | |
| — Owners of the Company | **16,477** | 9,190 | (407,572) | (632,224) | (577,144) |
| Dividends | **—** | — | — | — | 31,648 |

## ASSETS AND LIABILITIES

| | As at 31 March | | | | |
|---|---|---|---|---|---|
| | **2013** | 2012 | 2011 | 2010 | 2009 |
| | ***HK$'000*** | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Total assets | **265,477** | 248,994 | 239,347 | 977,638 | 2,719,622 |
| Total liabilities | **(1,541)** | (1,535) | (1,078) | (669,144) | (1,878,360) |
| Total equity | **263,936** | 247,459 | 238,269 | 308,494 | 841,262 |