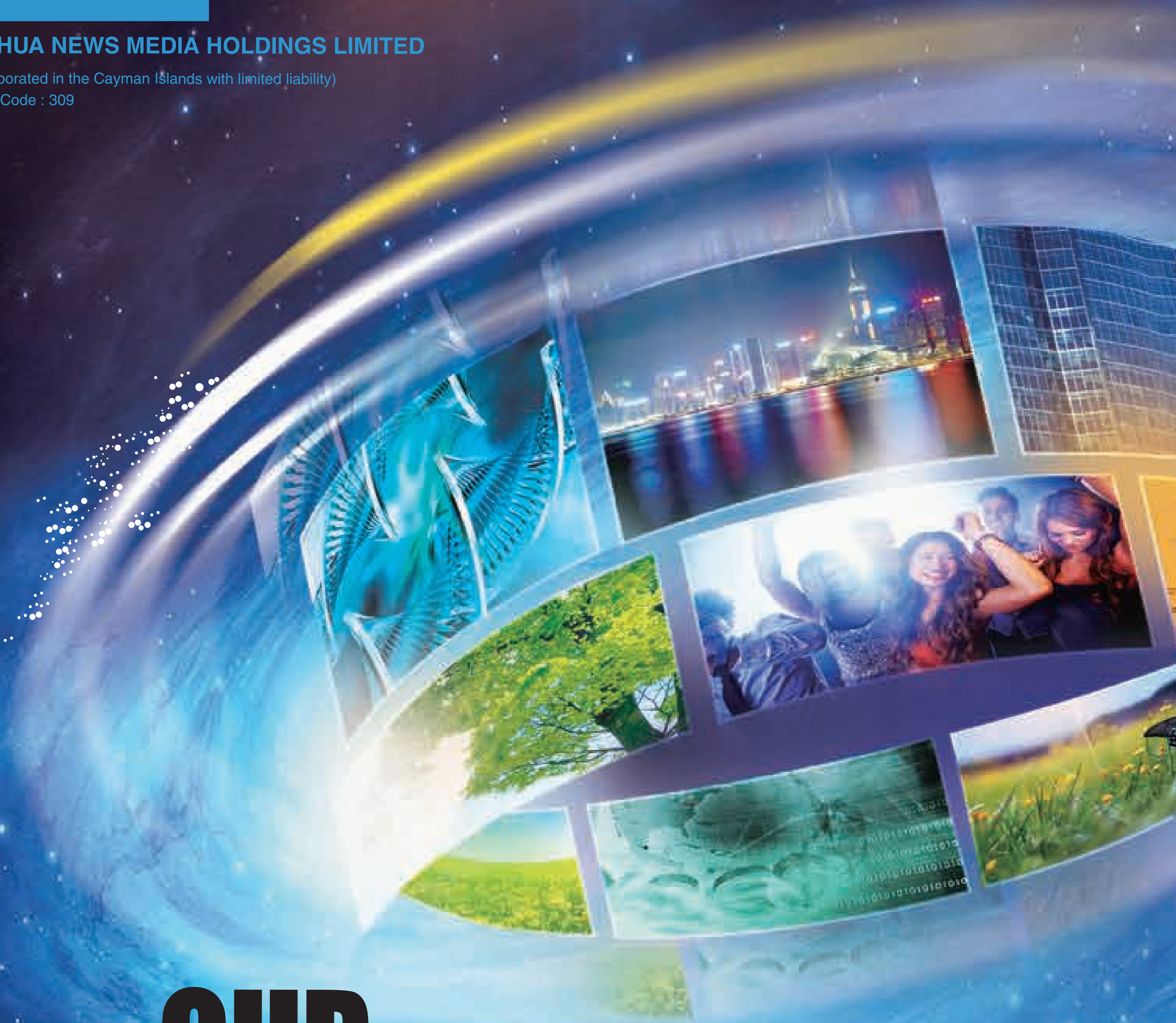
XINHUA media.

XINHUA NEWS MEDIA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 309



OUR INFORMATION, YOUR COMPETENCE

ANNUAL REPORT
2013/2014

實力 源於資訊與交流

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ju Mengjun *(Co-chairman)*
Lo Kou Hong *(Co-chairman)*
Yu Guang
David Wei Ji
Chang Yong
Yan Liang

Independent non-executive Directors

Xu Rong
Tang Binfeng
Wang Qi
Tsang Chi Hon

AUDIT COMMITTEE

Tsang Chi Hon *(Chairman)*
Xu Rong
Wang Qi

REMUNERATION COMMITTEE

Tsang Chi Hon *(Chairman)*
Xu Rong
Wang Qi

NOMINATION COMMITTEE

Ju Mengjun *(Chairman)*
Wang Qi
Tsang Chi Hon

STRATEGY AND DEVELOPMENT COMMITTEE

Yu Guang *(Chairman)*
Yan Liang
Tang Binfeng
Tsang Chi Hon

EXECUTIVE COMMITTEE

Ju Mengjun *(Chairman)*
Yu Guang
David Wei Ji
Chang Yong
Xu Rong
Tsang Chi Hon

CORPORATE GOVERNANCE COMMITTEE

David Wei Ji *(Chairman)*
Yu Guang
Chang Yong
Yan Liang
Tsang Chi Hon

COMPANY SECRETARY

Goh Choo Hwee

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

SOLICITORS

Ma Tang & Co.

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

2nd Floor
5 Sharp Street West
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor
Royal Bank House
24 Shedden Road
P.O. Box 1586
Grand Cayman
KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
22th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

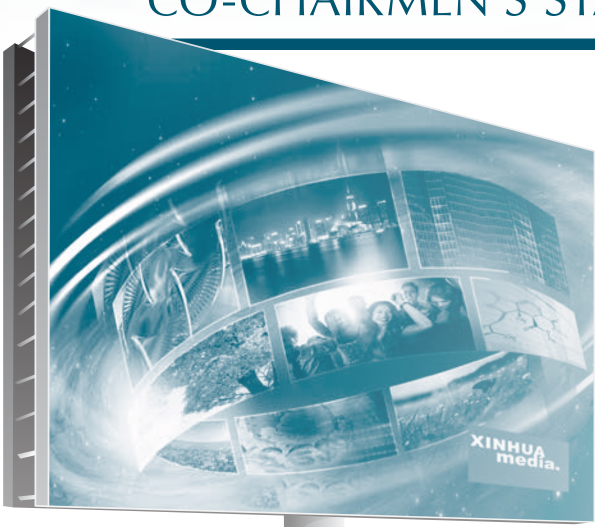
The Hongkong and Shanghai Banking Corporation Limited
Dah Sing Bank, Limited

STOCK CODE

309

COMPANY'S WEBSITE

www.XHNmedia.com



Our Information, your competence

Dear Shareholders,

As Co-chairman of Xinhua News Media Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), I have been working closely with the management and committed in promoting the Group's media business development. We believe that the media business of broadcasting information and advertisements through indoor/outdoor screen outlets will achieve a steady growth by capitalising on the enormous news resources, experience and extensive networking of Xinhua News Agency as well as efforts by the Group and its management team and staff.

During the year, the Group's high-quality media programmes broadcasted at the departure hall in Hung Hom Train Station and on the Ktt Through Trains of the MTR Corporation Limited (the "MTR"), as well as the departure gates of the Hong Kong International Airport, remained popular and well received among railway and airline travelers. However, the growth in advertising customers fell short of expectations. Hence the media business did not bring in the expected revenue to the Group. As Co-chairman of the Company, I will continue to work with the Group's management and staff to actively manage the situation by refocusing on the development of the media business. On one hand, we will expedite the expansion of the supply of screen outlets in major first-tier city in the People's Republic of China. On the other hand, we will actively seek for cooperation with major enterprises in the Asia-Pacific region for advertising business.

For the coming year, the Group has already signed an advertising agreement worth HK$30,000,000 annually. We will actively expand our advertising business by capitalising on the existing screen outlets as well as the extensive networks in order to fully explore the potential value of the media business.

Despite a challenging future, opportunities are self-evident. I am prudently optimistic of the prospects of the Group and firmly believe that the management of the Group holds the determination and is capable of taking advantage of the potential value of the media business.

I would like to take this opportunity to sincerely thank the Group's shareholders for the unwavering support, and to express gratitude to my fellow Directors and the management of the Group for their selfless dedication and efforts in difficult times.

Ju Mengjun
Co-chairman

Hong Kong, 30 June 2014

CO-CHAIRMEN'S STATEMENTS

Lo's Cleaning Services Ltd.,
a wholly-owned subsidiary of Xinhua News Media Holdings Limited, was for the tenth year recognised as a Caring Company and thereafter awarded "Caring Company 10 years +" by the Hong Kong Council of Social Service.

Dear Shareholders,

Driven by the gradual recovery of the US economy, global economy also improved following the US's footsteps.

Tapering the "Quantitative Easing" by the US has been the main focus of emerging markets throughout the world. With the economy gradually walking out of recession and gaining more tractions, the US is expected to initiate its tapering measures and to slow down market interventions and bond purchases. The low interest rate era could begin to fade, as some economists predict.

The marco-economy in Mainland China has experienced a soft-landing. However, local debt crises, economic slowdown and benchmark indexes moving downward have all reduced people's confidence. The housing market is sluggish even in some first-tier cities. A greater sense of risk management among the lending banks has contributed to this period of austerity. It is believed that measures are likely to be implemented by the Central government to spur economy at a faster, but stable, pace.

In Hong Kong, the home property market has also turned quiet after the rolling out of various measures, such as the special stamp duty by the Hong Kong government, and the fear of the end of the low interest rate environment.

The unemployment rate during the reporting year averaged at a low level of 3.3%, technically suggesting full employment. At the same time, the shortage of manpower continues to pose challenges to the service industries and remains a major constraint to development. Given that the tense manpower supply will continue to persist, the Group has reviewed, among other measures, our staff remuneration packages, fringe benefits, medical care scheme and other dedicated programs to attract and retain good staff.

Our Group regards safety of our employees as an absolute pre-requisite. We recognize that health and safety at work is an integral part of our business performance and commit to maintaining at all times a safety awareness culture. The Group is proud that our overall health and safety management statistics in recent years are above the industry norm as published by the Labour Department. We are determined to uphold these proven track records.

I would like to extend my sincere gratitude to our shareholders for their continued support, to my fellow directors for their dedication and contribution and to our staff for their input and loyal services over the past year.

Lo Kou Hong
Co-chairman

Hong Kong, 30 June 2014

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

The turnover of Xinhua News Media Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") from continuing operations for the year ended 31 March 2014 amounted to approximately HK$227,544,000, (2013: HK$201,167,000) represented a 13.1% increase when compared to the previous year. The loss of the Group from continuing operations was approximately HK$52,518,000 (2013: HK$56,747,000). Cleaning and related services business made a profit of approximately HK$6,453,000, the medical waste treatment business made a profit of approximately HK$2,556,000, the waste treatment business made a loss of approximately HK$4,364,000 and the television screen broadcast business made a loss of approximately HK$20,028,000 of which HK$11,660,000 was from the amortisation of the intangible asset related to the granting of the Free Right by Xinhua News Agency Asia-Pacific Regional Bureau Limited ("APRB") for the television screen broadcast business under the cooperation agreement entered into on 22 November 2010 (the "Cooperation Agreement"). As the performance of the television screen broadcast business was worse than expected, an impairment loss of approximately HK$32,438,000 was recognised.

The management consulting services business was divested by the Group on 28 March 2014, which made a loss of approximately HK$4,921,000 for the period up to 28 March 2014, the date of the disposal.

FINANCIAL REVIEW

As at 31 March 2014, the Group's cash and cash equivalents and pledged time deposits totalled approximately HK$67,507,000 (2013: HK$72,705,000) and its current ratio (excluded the discontinued operation) was 3.58 (2013: 4.64). The Group's net assets were approximately HK$173,123,000 (2013: HK$260,968,000).

As at 31 March 2014, the Group did not have any bank borrowings but the Group had a finance lease payable and loan from a director of approximately HK$57,000 and approximately HK$9,591,000 respectively (2013: HK$109,000 and HK$10,650,000 (included in liabilities directly associated with the assets classified as held for sale)) and therefore, its gearing ratio, representing ratio of a finance lease payable and loan from a director to shareholders' equity was 5.6% (2013: 4.1%). The Group's shareholders' equity amounted to approximately HK$173,123,000 as at 31 March 2014 (2013: HK$260,968,000).

The Group takes a prudent approach to cash management and risk control. Its revenues, expenses and capital expenditures in relation to cleaning related business and television screen broadcast business are transacted in Hong Kong ("HK") dollars, whereas those of the medical waste treatment business and waste treatment business and medical consultation business are transacted in Renminbi ("RMB"). The Group's cash and bank balances are primarily denominated in HK dollars, RMB and United States dollars.

As at 31 March 2014, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK$10,506,000 (2013: HK$10,022,000).

BUSINESS REVIEW

Television screen broadcast business

The Group, in association with APRB, is rededicated and refocused on developing the television screen broadcast business. The news programs including finance, sports, entertainment, lifestyle and world events provided to the Group on an exclusive basis by Xinhua News Agency, continue to run smoothly on through-trains operated by the MTR Corporation Limited ("MTR") running from Guangzhou East to Hong Kong and at the MTR Hunghom Departure Hall in Hong Kong. The news programs broadcasted on various locations in Hong Kong, including departure gates in the Hong Kong International Airport ("HK Airport"), Grand Millenium Plaza in Sheung Wan, Lockhart Road in Causeway Bay and Hennessy Road in Wan Chai also continue to run smoothly.

During the year, the Group has appointed Mr. Yu Guang as Chief Executive Officer ("CEO") and Mr. David Wei Ji as Chief Operating Officer ("COO"). They are responsible for overseeing the general operations of the television screen broadcast business. So far, the Group has signed a major advertising agreement with Xiangxing (Fujian) Bag & Luggage Group Company Limited ("Xiangxing"), one of China's largest luggage manufacturers. The value of the contract was approximately HK$30,000,000 per annum, with an option to renew for an additional one year. The total potential consideration would be approximately HK$60,000,000.

Furthermore, the Group has endeavored to approach media agents to discuss cooperation in the sharing of LED screen outlets to increase broadcasting channels, in both Hong Kong and People's Republic of China (the "PRC") and also to reduce initial capital investment cost.

According to the Cooperation Agreement, APRB has undertaken that the audited operating revenue derived from the television screen broadcast business for the year ended 31 December 2011 and the year ended 31 December 2012 would be no less than HK$30,000,000 and HK$100,000,000, respectively (the "Revenue Undertaking"). As the Revenue Undertaking was not fulfilled, negotiations on remedial actions were conducted. As at 31 March 2014 the parties have made progress as to the major terms of the settlement. However, the parties have subsequently entered into the settlement and remedial agreement, and the details of which were disclosed in the announcement of the Company dated 15 July 2014.

Cleaning and related services

Our Group is an integrated cleaning services provided in Hong Kong. The Group has been engaged in the cleaning business, pest control and other cleaning related professional service for over 35 years and has accumulated solid knowledge and extensive experience in these fields. The Group has engaged in many substantial cleaning service projects and gained unique strength and experience in making good use of the Group's resources. With our Group's strong and devoted management team and stable workforce, the Group was able to maintain growth in the reporting year notwithstanding the fierce competition in the market and various challenges.

During the year, the Group secured contracts with a listed property developer to provide cleaning and related professional services to their prominent office building in Island East and was appointed as the cleaning service contractor for a luxury residential estate in Island South.

The Group was also able to set in motion to provide cleaning and other related professional services to a foreign property developer to render cleaning, pest and rodent treatment and stone finishing maintenance services to its luxury residences, townhouses, and detached houses in the heart of Kowloon and all along Island South.

The Group also entered into three contracts for providing warewash services to one of the biggest flight kitchens in Hong Kong, and providing general cleaning to their headquarters. The contracts were renewed for two years during the reporting year.

The Group was also re-appointed to provide cleaning, pest control and food waste collection services to a renowned shopping centre and an industrial centre in Kowloon Bay for a term of two years.

Sales volume of the stone maintenance and restoration products specially formulated for the Asian markets, continued to grow, symbolising growing recognition of the products in the market.

The government published a blueprint for sustainable use of resources in May 2013. As mentioned therein, among others, mobilising the community in reducing the municipal solid waste and collection and recycling of food waste, thereby alleviating the pressure on the landfills, is one of the environmental protection targets in the coming decade. With our extensive study and researches on treatment technologies conducted in the past years on recycling processes, the Group, during the reporting year, had co-operated and rendered services to several residential estates and schools in these activities. The Group will continue to develop in this area.

Medical waste treatment business

As to the medical waste treatment business, the two medical waste treatment plants of the Group located in Siping City and Suihua City in PRC, have been operating smoothly throughout the reporting year.

Waste treatment business

As announced on 18 March 2014, the Group and the independent state-owned enterprise had reached consensus to terminate the negotiation regarding the Group's investment of a waste treatment plant in Shuyang County, Jiangsu Province, PRC. The Group is currently looking into other options in respect to this investment.

Management consulting services business

As announced on 28 March 2014, the Group divested its entire interest in Pan Asia Century Holdings Limited ("PAC Holdings") and its subsidiaries (collectively referred to as the "Pan Asia Group") for a total consideration of approximately HK$29,000,000. The Group considers the management consulting business to be a non-core asset that does not fit with the Group's current dual business model. The divesture will allow the Group to reallocate its full resources to dedicate to its existing main business segments.

Pursuant to the agreement dated 29 August 2012 to acquire the shares in PAC Holdings, the consideration was subject to a downward adjustment if the actual net profit of the Pan Asia Group for the 12-month period commencing from the completion date was less than HK$10,000,000. The actual net loss of the Pan Asia Group for the 12-month period ended 23 September 2013 was HK$3,604,000. Accordingly, the consideration should be adjusted and the Group is entitled to a payment of approximately HK$6,938,000 from the vendor, pending final audit. The management will start discussions with the vendor regarding the payment once the final receivable amount is finalised.

PROSPECTS

Television screen broadcast business

With the new appointments of CEO and COO and with the rededicated focus of the Group, the prospects of the television screen broadcast business looks bright. Currently, the subsidiary, Xinhua News Media Limited, has a multitude of LED screen outlets in Hong Kong covering the most high profile densely populated areas such as HK Airport, MTR Hunghom Station, Sheung Wan, Wan Chai and Causeway Bay.

The rededicated group has already converted these outlets into signing a major advertising agreement with Xiangxing, at a consideration of HK$30,000,000 per annum, with an option to extend for an additional year. The total potential consideration of the agreement is worth approximately HK$60,000,000. In full cooperation with APRB, the Group will look to target other large Chinese enterprises with similar advertising budgets.

Furthermore, the Group is currently in negotiations to acquire several high profile LED screen outlets in China in order to expand the supply of its LED screen outlets. The potential projects are all strategically located in first tier Chinese cities such as Beijing, Shanghai, Shenzhen and Guangzhou in order to maximise the exposure of our target demographic and to increase the attractiveness of our broadcast network to our potential advertising clients.

The Group will focus and look to expand its broadcast network in both Hong Kong and China for the next two years. Starting in year 2016, the Group, with the expansive network of APRB, plans to expand its broadcast business into other Asia Pacific regions such as Macau, South Korea and Japan. The expansion will not only meet the demands of Chinese enterprises looking to penetrate the international markets, but also satisfy foreign enterprises looking to tap into the Chinese market.

In cooperation with APRB, the Group will look to fully unlock and to synergise with the exclusive value of the free right to soon develop the television screen broadcast business into the main revenue generating source of the Group.

Cleaning and related services

Looking forward, the shortage of low-skilled labour, largely attributable to an aging population, is expected to persist and remain a long-term challenge. By implementing a series of effective measures, the Group was able to overcome the challenge in the past few years and is confident that the Group can prevail in the future. Among other measures, the Group will, as a continuous initiative, conducts joint manpower adequacy reviews with our customers on a regular basis and share with them rewards of the productivity gained.

The Group will continue to share our rich knowledge and extensive experience in the organic waste separation and recycling areas with our customers and the Hong Kong community. This indeed is one of our commitments to our social responsibility in making a green living environment for the society and for future generations.

Medical waste treatment business

The two medical waste treatment plants located in Siping City and Suihua City are now well established and are expected to continue their smooth operations. The Group therefore expects the medical waste treatment business segment will continue to bring in revenue for the Group in the future.

CONTINGENT LIABILITIES

At the end of the reporting period, the Group had contingent liabilities as follows:

(a) The Group has executed performance guarantees to the extent of an aggregate amount of approximately HK$4,914,000 (2013: HK$4,838,000) in respect of certain services provided to various customers by the Group.

(b) The Group had a contingent liability in respect of possible future long service payments to employees under the Employment Ordinance, with a maximum possible amount of approximately HK$4,227,000 as at 31 March 2014 (2013: HK$2,830,000). The contingent liability has arisen because, at the end of the reporting period, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision of approximately HK$2,290,000 (2013: HK$1,510,000) in respect of such payments has been made in the consolidated statement of financial position as at 31 March 2014.

(c) During the ordinary course of its business, the Group may from time to time be involved in litigation concerning personal injuries sustained by its employees or third party claimants. The Group maintains insurance cover and, in the opinion of the directors of the Company (the "Directors"), based on current evidence, any such existing claims should be adequately covered by the insurance as at 31 March 2014 and 2013.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group as at 31 March 2014 was 1,609 (2013: 1,519). Total staff costs, including directors' emoluments and net pension contributions, for the period under review amounted to HK$184,059,000 (2013: HK$164,525,000). The Group provides employees with training programmes to equip them with the latest skills.

Remunerations are commensurate with individual job nature, work experience and market conditions, and performance-related bonuses are granted to employees on discretionary basis.

BIOGRAPHICAL INFORMATION OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Ju Mengjun, aged 57

Mr. Ju Mengjun ("Mr. Ju") is the Co-chairman of the board of Directors (the "Board"), an Executive Director and the chairman of the executive committee and the nomination committee of Xinhua News Media Holdings Limited (the "Company"). Mr. Ju is also a director of Xinhua News Media Limited, a wholly-owned subsidiary of the Company. He joined the Company in May 2011. Mr. Ju has extensive journalistic (including interviewing, editing and reviewing of news), international research and management experience. Mr. Ju is currently the president of Xinhua News Agency Asia-Pacific Regional Bureau and Xinhua News Agency Hong Kong Special Administrative Region Branch, as well as a director of Xinhua News Agency Asia-Pacific Regional Bureau Limited ("APRB") (the substantial shareholder of the Company) and Xinhua News Agency Hong Kong Special Administrative Region Branch Limited. During his more than 30 years of employment with Xinhua News Agency, Mr. Ju has served various positions (including principal journalist, assistant to editor-in-chief, deputy chief editor and officer of the editor-in-chief office, etc.) in different departments and branches of Xinhua News Agency (including the international department and its Eurasia office, the Moscow Branch, the Alma Ata Branch and the editor-in-chief office of the headquarters). Mr. Ju graduated from the Department of Russian Language and Literature of Beijing University, has studied at Pushkin State Russian Language Institute, Moscow and has been a post-graduate.

Dr. Lo Kou Hong, aged 71

Dr. Lo Kou Hong ("Dr. Lo") is the founder of the Company, the Co-chairman of the Board and an Executive Director of the Company. Dr. Lo is also a director of certain subsidiaries of the Company. Prior to establishing Lo's Cleaning Services Limited in 1978, Dr. Lo served as a manager at a local property management company. He was appointed as a vice president of the Friends of Scouting in 2001. He was awarded an honorary doctorate degree in Business Management in 2003 by Burkes University in Turks & Caicos Islands in the British West Indies. Mr. Lo is also a founder member and director of Environment Innovation Council Limited, a non-profit-making charitable institution incorporated in Hong Kong with limited liability by guarantee.

Mr. Yu Guang, aged 39

Mr. Yu Guang ("Mr. Yu") is an Executive Director, chairman of the strategy and development committee and a member of the executive committee and the corporate governance committee of the Company. Mr. Yu currently serve as Chief Executive Officer of the Company and he is also a director of Xinhua News Media Limited, a wholly-owned subsidiaries of the Company. He joined the Company in August 2013. Mr. Yu graduated from the China University of Political Science and Law and obtained a Bachelor's Degree in Economic Law in 1998. He had also completed a Postgraduate Professional Study Course on Criminal Procedure Law at the National Prosecutors College of PRC in 2001. Mr. Yu is the founder and the chairman of 北京金世旗投資有限公司 (Beijing Jin Shi Qi Investment Company Limited) and the legal representative of 北京豐行聯合科技發展有限公司 (Beijing Feng Xing United Technology Development Company Limited). He has over 10 years of experience in investment management, business consultation and asset management.

Mr. David Wei Ji, aged 33

Mr. David Wei Ji ("Mr. Ji") is an Executive Director, chairman of the corporate governance committee and a member of the executive committee of the Company. Mr. Ji currently also serves as Chief Operating Officer and a director of various wholly-owned subsidiaries of the Company. He joined the Company in August of 2013. Mr. Ji obtained a Bachelor of Science in Business Administration from Boston University School of Management in 2003 and a Master of Business Administration from the University of Chicago Booth School of Business in 2013 with concentrations in Analytic Finance, Accounting and International Business. Since 2003, Mr. Ji has worked with Fortress Investment Group in the Private Equity Group, Morgan Stanley Real Estate Funds, and UBS Financial Services in the Private Wealth Management division. Mr. Ji is experienced in asset management, market research and fund raising in the financial industry.

Mr. Chang Yong, aged 59

Mr. Chang Yong ("Mr. Chang") is an Executive Director, a member of the executive committee and the corporate governance committee of the Company. He joined the Company in September 2013. Mr. Chang graduated from the Foreign Language Department of Guizhou University in 1980 and obtained a Master's degree in Laws from the Department of Journalism of Graduate School of the Chinese Acdemy of Social Sciences in 1989. He then joined the Xinhua News Agency and served in various positions over the years, including editor, deputy director and director under the Chief-editor's office, chief correspondent in the Lagos Branch of the Xinhua News Agency, correspondent, deputy director and director under the External Press Center of the Xinhua News Agency and deputy director of External Relations Department of the Xinhua News Agency. Mr. Chang is currently the deputy President of the Xinhua News Agency Asia-Pacific Regional Bureau. In addition, Mr. Chang is a director of APRB and Xinhua News Agency Hong Kong Special Administrative Region Branch Limited. Mr. Chang is the trustee of APRB's interest in Xinhua News Media Holdings (a substantial shareholder of the Company).

Mr. Yan Liang, aged 39

Mr. Yan Liang ("Mr. Yan") is an Executive Director, and a member of the strategy and development committee and the corporate governance committee of the Company. He joined the Company in September 2013. Mr. Yan graduated from the Department of Information Management and Decision Science of the University of Science and Technology of China in 1988. He joined the Xinhua News Agency since 1988 and has served various positions over the years, including editor and copywriter in editor's office for technology news under the International News Department, correspondent for Los Angeles branch, head of the Kabul branch and chief correspondent for the Kuala Lurpur branch. Mr. Yan is currently the director of the Tokyo branch of Xinhua News Agency.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Xu Rong, aged 50

Mr. Xu Rong ("Mr. Xu") is an Independent non-executive Director, a member of the audit committee, the remuneration committee and the executive committee of the Company. He joined the Company in June 2010. Mr. Xu graduated from East China University of Political Science and Law in Shanghai and also obtained a Bachelor's Degree in Economic Management from PLA Air Force Political Academy in Nanjing. He was an assistant fact-finder for the Procuratorate of Sanming City, Fujian between 1985 and 1990 and subsequently appointed as the deputy director of fact-finder for the Procuratorate of Pudong New Area, Shanghai between 1991 and 2001. Mr. Xu resigned from the latter position in 2002. Since then, he has been actively engaged in business activities and has set up various companies. He is currently the general manager of Shanghai Huahe Binjiang Property Company Limited and Shanghai Jiuhe Storage Company Limited, as well as the president of Sufan Catering Management Company Limited. Mr. Xu has been re-designated from a non-executive Director to an Independent non-executive Director on 28 December 2012.

Mr. Tang Binfeng, aged 44

Mr. Tang Binfeng ("Mr. Tang") is an Independent non-executive Director and a member of the strategy and development committee of the Company. He joined the Company in November 2011. Mr. Tang is currently a director of the general office of Unitax (Shanghai) Certified Tax Agent Company Limited and he ceased to act as deputy general manager of Qingdao Zhenqing Certified Public Accountants Company Limited, Shanghai Branch. Prior to joining Qingdao Zhenqing Shanghai, Mr Tang worked at Shanghai City Construction Third Engineering Bureau Company (上海市建築工程局第三建築工程公司) and Shanghai Pudong Water Corporation (上海市浦東新區自來水總公司). Mr. Tang is experienced in business operations and corporate management.

Mr. Wang Qi, aged 59

Mr. Wang Qi ("Mr. Wang") is an Independent non-executive Director, a member of the audit committee, the remuneration committee and the nomination committee of the Company. He joined the Company in August 2006. Mr. Wang is currently a director of Jingneng Property Company Limited (a company listed on the Shanghai Stock Exchange), engaging in property development in Beijing. He is also the general manager of Tian Chuang Science and Technology Development Company Limited, engaging in investment of technologically related businesses. Mr. Wang is a qualified senior engineer and has over 20 years of experience in business management. He was a senior investment manager of China Commercial Construction Development Company from 1989 to 2000 and was responsible for the investment and listing projects of various companies in Mainland China. Mr. Wang also served as an executive officer to manage some of the investment projects of Regal Hotels International from 1997 to 2000 and New World Group from 1993 to 2000 in Mainland China. In addition, Mr. Wang has devoted himself in developing the business connection and communication between Hong Kong and Mainland China in the field of business management and investment.

Mr. Tsang Chi Hon, aged 40

Mr. Tsang Chi Hon ("Mr Tsang") is an Independent non-executive Director, chairman of the audit committee and the remuneration committee and a member of the executive committee, strategy and development committee, nomination committee and corporate governance committee of the Company. He joined the Company in November 2013. Mr. Tsang obtained a Bachelor of Accounting Degree from The University of Hong Kong. He is currently a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tsang was the chief financial officer of the Zuoan Fashion Limited (listed on New York Stock Exchange) from October 2009 to February 2014. Prior to that, Mr. Tsang served as a finance manager at Luxworld Limited in 2009. He worked with Reyoung Pharmaceutical Holdings Limited as its chief financial officer from 2007 to 2008. He also served as a supervisor at Grant Thornton from 2004 to 2007, and an audit associate at Baker Tilly Hong Kong Limited from 1999 to 2004. Mr. Tsang has over 15 years of accounting and audit experience.

The board of directors (the "Board") of Xinhua News Media Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") hereby presents this Corporate Governance Report in the Company's annual report for the year ended 31 March 2014.

The Board is committed to maintaining a high corporate governance standard and procedures to safeguard the interests of the Company's shareholders ("Shareholders") and to enhance accountability and transparency.

Corporate Governance Practices

The Board recognises the vital importance of a good corporate governance to the Group's management, success and sustainability. Corporate governance practices would be reviewed from time to time to ensure compliance with the regulatory requirements and to meet the rising expectations of Shareholders and investors relating to transparency and accountability of all its operations.

During the year ended 31 March 2014, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Main Board Listing Rules") throughout the year under review, save for the deviations as set out below:

The Company submitted Declaration and Undertaking forms in regards to new directors appointed during the reporting period, other than Mr. Yan Liang's.

Notification of Change of Directors of a non-Hong Kong Company regarding the appointment and resignation of directors effective on 10 September 2013 were filed to the Companies Registry on 28 November 2013.

The Register of Directors and Officers regarding appointment and resignation of directors effective on 10 September 2013 were submitted to the Cayman Registrar on 28 November 2013.

Due to many recent personnel changes during the reporting period, the Company inadvertently overlooked the submission deadlines.

Internal Controls

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The Board was satisfied to the effectiveness of the Group in managing risks save for the incident as set out below:

The Group disposed of its entire interest in Pan Asia Century Holdings Limited and its subsidiaries (collectively referred to as the "Pan Asia Group"), and the Pan Asia Group has been classified as a discontinued operation. The Group has not been able to obtain access to the accounting records of the Pan Asia Group. The Company has been and is currently taking steps in trying to obtain the books and records of the Pan Asia Group.

In the next financial year, the Company will strengthen and improve its internal control system of the Group in order to ensure the maintenance of proper books and records for the provision of reliable financial information.

Model Code for Securities Transactions by Directors

The Company has adopted its own code of conduct governing Directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all director of the Company (the "Directors") and all of them have confirmed that they have complied with the Own Code and the Model Code throughout the year ended 31 March 2014.

The Company also has established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for governing the securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Board Diversity

The Board has adopted a Board diversity policy on 30 April 2014 in compliance with a new code provision on Board diversity in the CG Code, which came into effect 1 September 2013. In designing the Board's composition, the diversity of members of the Board has been considered from a number of aspects, including but not limited to gender, age, educational background, professional experience and qualifications, relevant industry experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered and selected based on a range of diversity perspectives including but not limited to the said aspects.

BOARD OF DIRECTORS

Composition

As at the date of this annual report the Board comprises six Executive Directors and four Independent non-executive Directors. The list of Directors during the year is set out in the section headed "Report of the Directors" of this annual report.

The Board includes a balanced composition of Executive and Independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

The Independent non-executive Directors are of sufficient calibre and number for their views to carry weight. The functions of Independent non-executive Directors include, but not limited to:

- bringing an independent judgement at Board meetings;
- taking the lead where potential conflicts of interests arise;
- serving on Board committees if invited; and
- scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

The Board has a balance of skills and experience appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Biographical Information of Directors" of this annual report.

Composition of the Board, including names of Independent non-executive Directors of the Company, is disclosed in all corporate communications to Shareholders.

The Company has maintained on its website and on the Stock Exchange's website an updated list of its Directors identifying their role and function and whether they are Independent non-executive Directors.

Directors have given sufficient time and attention to the affairs of the Group. All Directors, including Independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors have been invited to serve on the different Board committees to monitor observance of corporate governance objectives, take lead where potential conflicts arise and to contribute to the development of the Company's strategy and policies.

Responsibilities and Function

The Board is responsible for the overall management and performance monitoring of the Group. Its main roles are to provide leadership and to take responsibility for decisions relating to major and significant matters on policies formulation, financial and operation performances, major acquisitions and disposals and directors' appointment. The Directors perform their duties in good faith and in the interests of the Company and its Shareholders as a whole at all times.

The day-to-day management, administration and operation of the Company are delegated to the Executive Directors and senior management of the Company within the control and authority framework set by the Board. The delegated functions and work tasks are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers. The Board has the full support of the management of the Company to discharge its responsibilities. Information and updates of the Company's performance and position are given to all Directors in a timely manner to enable the Directors to discharge their duties. In addition, the Board has also delegated various responsibilities to the audit committee, the remuneration committee, the nomination committee, the strategy and development committee and the corporate governance committee. Further details of these committees are set out in this annual report.

All Directors have full and timely access to all relevant and available information as well as the advice and services of the Company Secretary and management of the Company with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

Change in Directors' information

Pursuant to the relevant requirements under Listing Rules, changes in the composition of the Board and Board committees during the year ended 31 March 2014 and up to the date of this annual report were as follows:

- Mr. Chang Loong Cheong resigned as an Executive Director and chairman of the strategy and development committee and a member of the executive committee and the corporate governance committee of the Company with effect from 10 September 2013;
- Mr. Meng Jin resigned as an Executive Director and a member of the executive committee and the corporate governance committee of the Company with effect from 10 September 2013;
- Mr. Shi Guoxiong resigned as an Executive Director and chairman of the corporate governance committee of the Company with effect from 10 September 2013;
- Mr. Zhou Guanghe resigned as an Executive Director and a member of the strategy and development committee of the Company with effect from 10 September 2013;
- Mr. Tang Binfeng, an Independent non-executive Director of the Company, ceased to be a member of each of the audit committee, the remuneration committee and the nomination committee of the Company with effect from 25 November 2013;
- Mr. Wang Qi, an Independent non-executive Director of the Company, has been appointed as a member of each of the audit committee, the remuneration committee and the nomination committee of the Company with effect from 25 November 2013.
- The Board has resolved to remove Ms. Xu Zhijuan as an Independent non-executive Director and the chairman of the audit committee and the remuneration committee of the Company and a member of the executive committee and strategy and development committee, the nomination committee and the corporate governance committee of the Company with effect from 20 November 2013;
- Mr. Yu Guang was appointed as an Executive Director with effect from 14 August 2013. Mr. Yu Guang was also appointed as chairman of the strategy and development committee of the Company and a member of the executive committee and the corporate governance committee of the Company with effect from 10 September 2013.

- Mr. David Wei Ji was appointed as an Executive Director with effect from 20 August 2013. Mr. David Wei Ji was also appointed as chairman of the corporate governance committee of the Company and a member of the executive committee of the Company with effect from 10 September 2013.
- Mr. Chang Yong was appointed as an Executive Director with effect from 10 September 2013. Mr. Chang Yong was also appointed as a member of the executive committee and the corporate governance committee of the Company with effect from 10 September 2013.
- Mr. Yan Liang was appointed as an Executive Director with effect from 10 September 2013. Mr. Yan Liang was also appointed as a member of the strategy and development committee and the corporate governance committee of the Company with effect from 10 September 2013.
- Mr. Tsang Chi Hon was appointed as an Independent non-executive Director with effect from 25 November 2013. Mr. Tsang Chi Hon was also appointed as the chairman of the audit committee and the remuneration committee of the Company and a member of each of the executive committee, the strategy and development committee, the nomination committee and the corporate governance committee of the Company with effect from 25 November 2013.

Chairman and Chief Executive Officer

Mr. Ju Mengjun and Dr. Lo Kou Hong act as Co-chairmen of the Board and each has assumed the roles of chairman of the respective television screen broadcast business and cleaning services business which they are responsible for. Mr. Yu Guang was appointed to act as the chief executive officer ("CEO") of the Company for better coordination of different business segments at overall command.

The Board considers the arrangement is appropriate to the Group's dual core business and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies.

Appointment, Re-election and Removal of Directors

Appointment of new Directors is a matter for consideration by the nomination committee. The nomination committee will review the profiles for the candidates and make recommendations to the Board on the appointment, re-nomination and retirement of Directors. On 30 April 2014, the terms of reference of the nomination committee were revised to take into account the Board diversity policy.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association. All Directors are subject to retirement by rotation at least once every three years and are eligible for re-election at the annual general meeting of the Company. Any new director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the first general meeting of the Company after appointment and shall then be eligible for re-election at that meeting.

Directors' Training and Continuous Professional Development

Each newly appointed director is provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant statutes, laws, rules and regulations.

Every newly appointed director will be given an introduction of regulatory requirements. The Directors are encouraged to keep themselves updated on the latest development of the Main Board Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practice.

Under Code Provision A.6.5, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 March 2014, relevant reading materials relating to directors' roles, duties and functions, and disclosure of inside information have been provided to all Directors in order to enhance awareness of good corporate governance and improvement of skills and knowledge through personal studies.

BOARD MEETINGS

Board Practices and Conduct of Meetings

The Directors met regularly as and when required by business needs. At least four regular Board meetings were held every year. During the year under review, 20 board meetings were held for reviewing and approving the corporate governance policy, considering and approving disposals and the overall strategies and policies of the Company. Schedules for regular Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. Directors may participate in meetings in person or through electronic means of communication. At all times reasonable notice are given to enable all Directors to attend board meetings and to include matters for discussion in the agenda as they think fit.

Draft agenda of each meeting are normally made available to Directors in advance. In addition, board papers together with all appropriate, complete and reliable information are sent to all Directors as soon as practicable before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the management of the Company whenever necessary.

Generally, 14 days' notice of a regular Board meeting should be given and the Company aims at giving reasonable notice for all other Board meetings. The Company Secretary is responsible to keep minutes of all Board meetings and committee meetings and assists the chairman in drawing up the agenda of each meeting and each Director may request inclusion of matters in the agenda. Minutes are recorded in sufficient detail regarding the matters considered by the Board and the Board committees meetings are kept by the Company Secretary and are open for Directors' inspection.

All Directors have access to the Company Secretary who is responsible for ensuring the Board procedures are complied with and all applicable rules and regulations are followed.

The Company's Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest. According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a Director, has been considered and dealt with by the Board at a duly convened Board meeting.

Access to Information

The Directors may seek independent professional advice in appropriate circumstances, at the Company's expenses. The Company will, upon request, provide separate independent professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

The Board is supplied with relevant information by the management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Group before each Board meeting. Where any Director requires more information than is volunteered by the management, each Director (if applicable) has the right to separately and independently access to the Company's management to make further enquiries if necessary.

Independent non-executive Directors

Pursuant to Rule 3.10 and 3.10A of the Main Board Listing Rules during the year, the Company has appointed four Independent non-executive Directors representing at least one-third of the Board and at least one of the Independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of its Independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Main Board Listing Rules and the Company considers that all of the Independent non-executive Directors are independent.

Attendance Records

The attendance record at the Board and its committee meetings in year ended 31 March 2014 demonstrates Directors' strong commitment to the Company. During the financial year ended 31 March 2014, the Directors have made active contribution to the affairs of the Group and a total of 20 Board meetings were held to consider, among other things, to review and approve the Corporate Governance Policy, to review the interim results for the six months period ended 30 September 2013 and the final results for the year ended 31 March 2013 and other matters relating to strategy, finance, major projects, governance, and compliance. Directors have devoted sufficient time and attention to performing their duties and responsibilities towards the Group.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary is responsible for ensuring that Board procedures are followed and for facilitating information flows and communications among Directors as well as with Shareholders and management. The Company Secretary's biography is set out in the section headed "Company Secretary" of the Corporate Governance Report of this annual report.

The number of Board meetings held and attendance by Directors at Board meetings during the year ended 31 March 2014 are set out below:

	Meetings attended
Executive Directors	
Mr. Ju Mengjun *(Co-chairman)*	19/20
Dr. Lo Kou Hong *(Co-chairman)*	18/20
Mr. Yu Guang *(Note 1)*	13/13
Mr. David Wei Ji *(Note 2)*	12/12
Mr. Chang Yong *(Note 3)*	7/11
Mr. Yan Liang *(Note 4)*	11/11
Independent non-executive Directors	
Mr. Xu Rong	17/20
Mr. Tang Binfeng	17/20
Mr. Wang Qi	19/20
Mr. Tsang Chi Hon *(Note 5)*	8/8

Notes:

(1) Mr. Yu Guang was newly appointed on 14 August 2013 and hence he has not attended any Board meetings held on or before 14 August 2013.

(2) Mr. David Wei Ji was newly appointed on 20 August 2013 and hence he has not attended any Board meetings held on or before 20 August 2013.

(3) Mr. Chang Yong was newly appointed on 10 September 2013 and hence he has not attended any Board meetings held on or before 10 September 2013.

(4) Mr. Yan Liang was newly appointed on 10 September 2013 and hence he has not attended any Board meetings held on or before 10 September 2013.

(5) Mr. Tsang Chi Hon was newly appointed on 25 November 2013 and hence he has not attended any Board meeting held on or before 25 November 2013.

BOARD COMMITTEES

The Board has established six Board Committees, namely, remuneration committee, audit committee, nomination committee, corporate governance committee, executive committee and strategy and development committee, for overseeing particular aspects of the Company's affairs and assisting in the execution of the Board's responsibilities. All Board committees except the executive committee have defined written terms of reference and report to the Board at the next Board meeting on their resolutions passed or recommendations made. To assist the Board committees to perform their responsibilities, sufficient resources are provided and independent advice is also available on request at the Company's expense.

1. Remuneration Committee

The duties of the remuneration committee are to (i) make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iii) determine, with delegated responsibility from the Board, the remuneration packages of individual Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of Independent non-executive Directors. The committee shall consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the group; (iv) review and approve compensation payable to Executive Directors for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive for the Company; (v) review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and (vi) ensure that no Director or any of his associates is involved in deciding his own remuneration.

The remuneration committee comprises of three Independent non-executive Directors, namely, Mr. Xu Rong, Mr. Wang Qi and Mr. Tsang Chi Hon. The chairman of the Remuneration Committee is Mr. Tsang Chi Hon.

Human resources department is responsible for collection and administration of the human resources data and making recommendations to the remuneration committee for consideration. The remuneration committee consults with the Co-chairmen about these recommendations on remuneration policy and structure and remuneration packages.

During the year ended 31 March 2014, the remuneration committee met once to review and discuss the remuneration policy and structure of the Group, the current remuneration packages of the Directors and management of the Group during the year of review.

The members of the remuneration committee during the year and their attendance were as follows:

	Meetings attended
Independent non-executive Directors	
Mr. Tsang Chi Hon *(Chairman of the remuneration committee)*	1/1
Mr. Wang Qi	1/1
Mr. Xu Rong	1/1

2. Audit Committee

The duties of the audit committee are to (i) review the financial statements and reports and consider any significant or unusual items raised by the financial officers of the Group or external auditors before submission to the Board; (ii) review and monitor the external auditors' independence and objectively and the effectiveness of the audit process; (iii) make recommendation to the Board on the appointment, re-appointment and removal of external auditors; and (iv) review the adequacy and effectiveness of the Company's financial reporting system, internal control system, risk management system and associated procedures.

The audit committee comprises three Independent non-executive Directors, namely, Mr. Xu Rong, Mr. Wang Qi and Mr. Tsang Chi Hon. The chairman of the audit committee is Mr. Tsang Chi Hon who possesses the appropriate professional qualifications on accounting or related financial management expertise. None of the members of the audit committee is a former partner of the Company's existing external auditors.

During the year ended 31 March 2014, two audit committee meetings were held to review the financial statements and results announcement and reports for the year ended 31 March 2013 and interim results for the six months ended 30 September 2013.

The members of the audit committee during the year and their attendance were as follows:

	Meetings attended
Independent non-executive Directors	
Mr. Tsang Chi Hon *(Chairman of the audit committee) (Note)*	1/1
Mr. Xu Rong	2/2
Mr. Wang Qi	2/2

Note:

Mr. Tsang Chi Hon was newly appointed on 25 November 2013 and hence he has not attended any audit meeting held on or before 25 November 2013.

3. Nomination Committee

The main duties of the nomination committee are to (i) review the structure, size and composition of the Board; (ii) make recommendations on the appointment and re-appointment of Directors and succession planning; and (iii) to review the diversity of Board member policy and the progress of achieving the objectives of the Board diversity policy. On 30 April 2014, the terms of reference of the nomination committee were revised to take into account the Board diversity policy. The terms of reference of the nomination committee are available on the Company's website.

Board Diversity

The Board has adopted a Board diversity policy on 30 April 2014 in compliance with a new code provision on Board diversity in the CG Code, which came into effect 1 September 2013. In designing the Board's composition, the diversity of members of the Board has been considered from a number of aspects, including but not limited to gender, age, educational background, professional experience and qualifications, relevant industry experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered and selected based on a range of diversity perspectives including but not limited to the said aspects.

The nomination committee consists of three members, namely, Mr. Ju Mengjun, the Co-chairman of the Board, Mr. Wang Qi and Mr. Tsang Chi Hon, who are Independent non-executive Directors.

The chairman of the nomination committee is Mr. Ju Mengjun, the Co-chairman of the Board.

During the year ended 31 March 2014, two nomination committee meetings were held.

The members of the nomination committee during the year and their attendance were as follows:

	Meetings attended
Executive Director	
Mr. Ju Mengjun *(Chairman of the nomination committee)*	1/2
Independent non-executive Directors	
Mr. Wang Qi	2/2
Mr. Tsang Chi Hon	2/2

4. Corporate Governance Committee

The corporate governance committee was established on 8 March 2012 for performing corporate governance duties delegated by the Board. The main duties of the committee are to (i) develop, review and update the Company's policies and practices on corporate governance and make recommendation; (ii) review and monitor the training and continuous professional development of Directors and senior management; (iii) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and (v.) review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

The corporate governance committee comprises five members, namely, Mr. Yu Guang, Mr. David Wei Ji, Mr. Chang Yong, Mr. Yan Liang and Mr. Tsang Chi Hon. The chairman of the corporate governance committee is Mr. David Wei Ji.

During the year ended 31 March 2014, the corporate governance committee held one meeting to review the Company's corporate governance policies and practices.

The members of the corporate governance committee during the year and their attendance were as follows:

	Meetings attended
Executive Directors	
Mr. David Wei Ji (Chairman of the corporate governance committee)	1/1
Mr. Yu Guang	1/1
Mr. Chang Yong	1/1
Mr. Yan Liang	1/1
Independent non-executive Director	
Mr. Tsang Chi Hon	1/1

5. Executive Committee

The executive committee is composed of no less than half of the number of Directors of which one-third is Independent non-executive Directors. The executive committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. The Independent non-executive Directors are invited to attend executive committee meetings to advise on risk management and compliance matters.

The committee comprises six members, namely, Mr. Ju Mengjun, the Co-chairman of the Board, Mr. Yu Guang, Mr. David Wei Ji, Mr. Chang Yong, Mr. Xu Rong and Mr. Tsang Chi Hon. The chairman of the executive committee is Mr. Ju Mengjun, the Co-chairman of the Board.

During the year ended 31 March 2014, the executive committee did not hold any meeting.

6. Strategy and Development Committee

The strategy and development committee was established on 8 March 2012 for the purpose of formulating the strategic and development direction of the Group. On 7 June 2013, the main duties of the strategy and development committee have been amended to include to (i) review the documents from the senior management of the Company on issues relating to its strategies and developments (such as vision of the Company, mission of the Company, and annual strategy documents) on a regular basis and make recommendations to the Board regarding any propose changes; (ii) identify marketing changes and competition or make recommendations to the Board on issues relating to the Company's strategies and developments, such as Company's market positions, pricing strategic, new markets and strategic partnerships; (iii) make recommendations to the Board on matters relating to the Company's strategies; and (iv) all such other responsibilities and powers as may be delegated by the Board from time to time.

The strategy and development committee comprises four members, namely, Mr. Yu Guang, Mr. Yan Liang, Mr. Tang Binfeng and Mr. Tsang Chi Hon. The chairman of the strategy and development committee is Mr. Yu Guang.

During the year ended 31 March 2014, the strategy and development committee did not hold any meeting.

RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2014 which were prepared in accordance with statutory requirements and applicable accounting standards and were prepared to reflect the true and fair view of the state of affairs, results and cash flows of the Group and in compliance with relevant law and disclosure provisions of the Main Board Listing Rules. In preparing the financial statements for the year ended 31 March 2014, the Directors made judgments and estimates that are prudent and reasonable, and have prepared the financial statements on a going concern basis. The Directors also ensure that the financial statements of the Group are published in a timely manner. The reporting responsibilities of the auditors on the financial statements are set out in the section "Independent Auditors' Report" of this annual report.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

AUDITORS' REMUNERATION

During the year, the remuneration paid and payable to the Company's auditor are approximately HK$1,062,000 for the audit services and non-audit service including reviewing interim financial statements, issuance of Form A of the Group's Occupational Retirement Scheme and other related services.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and to enable investors to understand of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

To promote effective communication, the Company maintains a website at "www.XHNmedia.com" as a communication platform with Shareholders and investors, where extensive information and updates on the Group's financial information, corporate governance practices and other information are available for public access such as annual reports, interim reports to Shareholders, announcements and corporate governance practices are available for review. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries. Inquiries are dealt with in an informative and timely manner.

Where announcements are made through The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the same information will be made available on the Company's website.

The Company continues to enhance communication and relationship with Shareholders and investors. Designated management of the Company maintains regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

The Board welcomes views of Shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management of the Company directly. The Co-chairmen of the Board as well as the Chairmen and/or other members of the Board committees will normally attend the annual general meetings and other Shareholders' meetings of the Company to answer questions raised.

GENERAL MEETINGS WITH SHAREHOLDERS

The annual general meeting (the "AGM") provides a useful forum for Shareholders to exchange views with the Board. The Company's Directors (including Independent non-executive Directors) are available at the AGM to answer questions from Shareholders about the business and performance of the Company. In addition, the Company's external auditor is also invited to attend the AGM to answer questions about the conduct of the audit, and the preparation and contents of the auditor's report. Separate resolutions are proposed at general meetings for each substantial issue. An explanation of the detailed procedures of conducting poll was provided to Shareholders at the AGM, to ensure that Shareholders are familiar with such procedures.

The Company's last AGM was held on Friday, 27 September 2013 at 23/F, 381 Queen's East, Wan Chai, Hong Kong. All the resolutions proposed at that meeting were approved by Shareholders by poll voting. The poll results were posted on the websites of the Stock Exchange and the Company respectively on the same day as the poll.

The next AGM will be held at 11:00 a.m. on Friday, 22 August 2014 at 23/F, 381 Queen's Road East, Wan Chai, Hong Kong, the notice of which will be sent to Shareholders at least 20 clear business days before the said meeting.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at Shareholders' meetings, including the election of individual Directors.

All resolutions proposed at Shareholder's meetings will be voted by poll pursuant to the Main Board Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.XHNmedia.com) immediately after the relevant general meetings.

Procedures for Shareholders to requisition a Shareholders' meeting or to demand a poll on resolutions at Shareholders' meetings are contained in the Company's constitutional documents. There were no significant changes in the Company's constitutional documents during the year.

COMPANY SECRETARY

Mr. Goh Choo Hwee ("Mr. Goh"), was appointed as the Company Secretary and the authorised representative of the Company on 11 December 2013. Mr. Goh is a partner of Ma Tang & Co., Solicitors, a corporate and commercial law firm in Hong Kong. He is a practicing solicitor in Hong Kong and a member of the Law Society of Hong Kong. Mr. David Wei Ji, the Executive Director and the chief operating officer of the Company, is primary contact in the Company for Mr. Goh in relation to corporate secretarial matters.

INVESTOR RELATIONS

Information of the Group is delivered to the Shareholders and investors through a number of channels, which includes annual report, interim report and announcements. The latest information of the Group together with the published documents is also available on the Company's website at www.XHNmedia.com.

The Company recognises its responsibilities to explain its activities to those with legitimate interest and to respond to their questions. The Company's Co-chairmen, chief executive officer and chief operating officer also made presentations and held meetings with investors and analysts to keep them abreast of the Company's development, subject to compliance with the applicable laws and regulations.

In addition, questions received from the general public and individual Shareholders are answered promptly.

REPORT OF THE DIRECTORS

The Board is pleased to present this Report of the Directors and the audited financial statements of the Group for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is organised into business units based on their products and services and has four operating segments as follows:-

(a) The cleaning and related services segment engages in the provision of cleaning and related services for office buildings, public areas and residential areas;

(b) The medical waste treatment segment engages in the provision of non-incineration medical waste handling services for hospitals;

(c) The television screen broadcast business segment engages in the provision of publicly broadcasting information and advertisements on television screens services; and

(d) The waste treatment business segment engages in the provision of organic waste treatment and sale of the by –products produced.

The management consulting services segment engages in the provision of investment management and consulting services, management solutions for hospitals and sales of medical equipment. This segment was acquired on 24 September 2012 and was disposed of on 28 March 2014.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 37 to 111.

The directors of the Company (the "Directors") did not recommend the payment of any dividend for the year.

SUMMARY FINANCIAL INFORMATION

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out on page 112. 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 Group during the year are set out in Note 15 of the financial statements.

SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

Details of movements in the Company's share capital, share options and warrants during the year are set out in Notes 31 and 32 of the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

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 2014.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 33 of the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2014, the Company had no reserves available for distribution. The Company's share premium account, in the amount of HK$450,896,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 65% of the total sales for the year, and sales to the largest customer included therein amounted to approximately 26%.

Purchases from the Group's five largest suppliers accounted for approximately 63% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 28%.

None of the Directors or any of their associates or any shareholders of the Company (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 or suppliers.

DIRECTORS

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

Executive Directors

Mr. Ju Mengjun *(Co-chairman)*

Dr. Lo Kou Hong *(Co-chairman)*

Mr. Yu Guang (appointed on 14 August 2013)

Mr. David Wei Ji (appointed on 20 August 2013)

Mr. Chang Yong (appointed on 10 September 2013)

Mr. Yan Liang (appointed on 10 September 2013)

Mr. Xu Zugen (resigned on 22 June 2013)

Mr. Mao Hongcheng (resigned on 15 July 2013)

Mr. Meng Jin (resigned on 10 September 2013)

Mr. Zhou Guanghe (resigned on 10 September 2013)

Mr. Shi Guoxiong (resigned on 10 September 2013)

Mr. Chang Loong Cheong (resigned on 10 September 2013)

Independent Non-executive Directors

Mr. Xu Rong

Mr. Tang Binfeng

Mr. Wang Qi

Mr. Tsang Chi Hon (appointed on 25 November 2013)

Ms. Xu Zhijuan (removed on 20 November 2013)

Biographical details of the above Directors are set out in the section headed "Biographical Information of Directors" on pages 10 to 12 of this report.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a confirmation of independence from each Independent non-executive Director, namely Mr. Xu Rong, Mr. Tang Binfeng, Mr. Wang Qi and Mr. Tsang Chi Hon, and considers them as being independent.

ROTATION OF DIRECTORS

According to Article 112 of the Company's Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not exceeding, one-third, shall retire from office by rotation. The Directors to retire in every year shall be those who have been longest in office since their last election. Accordingly Mr. Xu Rong, Mr. Tang Binfeng, and Mr. Tsang Chi Hon will retire at the 2014 annual general meeting and, being eligible, offer themselves for re-election. A retiring Director shall retain office until the close of the meeting at which he retires, and shall be eligible for re-election.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out in the section headed "Biographical Information of Directors" on pages 10 to 12.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors except Mr. Yu Guang, Mr. David Wei Ji, Mr. Chang Yong, Mr. Yan Liang and Mr. Tsang Chi Hon, has a letter of appointment or a service contract with the Company for a continuous term until terminated by not less than three to six months' notice in writing served by either party or the other.

The terms of office of each Independent non-executive Director who has a letter of appointment or a service contract with the Company are for a term of three years with effect from 29 September 2012.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Directors' remuneration is determined by the Remuneration Committee and the Board with reference to Directors' duties, responsibilities, performance and the results of the Group. Details of the remuneration of the Directors are set out in Note 9 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance, to which the Company, its holding companies, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest subsisted during the year ended 31 March 2014.

CONTRACT OF SIGNIFICANCE

There is no contract of significance between the Company and any of its subsidiaries, and a controlling shareholder or any of its subsidiaries.

MANAGEMENT CONTRACT

Other than the service contracts of the Directors as stated above in the section headed "Directors' Service Contracts", the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company.

INTERESTS IN COMPETITIORS

As far as the Directors are aware, none of the Directors or their associates had any interest in a business that competes or may compete with the business of the Group.

DIRECTORS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2014, the interests of the Directors in the shares and underlying shares of the Company and its associated corporations as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance (the "SFO"); or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

A.(1) Interests in shares of the Company

Name of Director	Long/short position	Capacity	Number of ordinary shares of the Company	Percentage* of the Company's issued share capital
Mr. Yu Guang	Long	Interest held by controlled corporation	133,387,000 *(Note (1))*	10.24%
	Short	Interest held by controlled corporation	20,000,000 *(Note (2))*	1.54%
Dr. Lo Kou Hong	Long	Founder of a discretionary trust	40,000,000 *(Note (3))*	3.07%
	Long	Interest of spouse	1,700,000 *(Note (4))*	0.13%
	Long	Beneficial owner	6,000,000	0.46%
	Long	Interest of spouse	6,000,000 *(Note (5))*	0.46%

Notes:

(1) These shares were beneficially owned by Pan Asia Century Consulting Limited ("PAC Consulting") the entire issued share capital of which was wholly owned by Huian International Investment Limited ("Huian"). The entire issued share capital of Huian was beneficially owned by Mr. Yu Guang. Accordingly, Mr. Yu Guang was deemed to be interested in such shares through these controlled corporations pursuant to Part XV of the SFO. Although Ms. Zhang Li does not personally and beneficially own any interest in the Company, she was deemed to be interested by virtue of her being the wife of Mr. Yu Guang.

(2) The 20,000,000 shares of the Company was pledged to the Company pursuant to the acquisition agreement regarding acquisition of Pan Asia Century Holdings Limited, as disclosed in the Company's announcement of 29 August 2012, as security for adjustment of the consideration under the said agreement.

(3) These shares were owned by The Lo's Family (PTC) Limited in its capacity as the trustee of The Lo's Family Unit Trust, a unit trust of which all the units in issue were owned by Equity Trustee Limited as the trustee of The Lo's Family Trust, a discretionary trust of which the objects included Dr. Lo Kou Hong's family members.

Accordingly, Dr. Lo Kou Hong, as the founder of The Lo's Family Trust, was deemed to be interested in the shares of the Company owned by The Lo's Family (PTC) Limited in its capacity as the trustee of The Lo's Family Unit Trust under Part XV of the SFO.

(4) Dr. Lo Kou Hong was deemed to be interested in the 1,700,000 shares of the Company through interest of his spouse, Ms. Ko Lok Ping, Maria Genoveffa, who personally and beneficially owns such 1,700,000 shares of the Company.

(5) Dr. Lo Kou Hong was deemed to be interested in the 6,000,000 shares options of the Company through his spouse, Ms. Ko Lok Ping, Maria Genoveffa, who personally and beneficially owns such relevant shares options.

* The percentage represents the number of ordinary shares of the Company interested divided by the number of the Company's issued shares as at 31 March 2014.

A.(2) Interests in underlying shares of the Company – physically settled unlisted equity derivatives

Name of Director	Long/short position	Capacity	Number of underlying shares of the Company in respect of the share options granted	Percentage* of the Company's underlying shares over the Company's issued share capital
Dr. Lo Kou Hong	Long	Beneficial owner	6,000,000	0.46%
	Long	Interest of spouse	6,000,000 *(Note)*	0.46%

Details of the above share options as required to be disclosed by The Rules Governing the Listing of Securities on the Stock Exchange (the "Main Board Listing Rule") have been disclosed in the section headed "Share Option Scheme".

Note: Dr. Lo Kou Hong was deemed to be interested in the 6,000,000 share options of the Company through interest of his spouse, Ms. Ko Lok Ping, Maria Genoveffa, who personally and beneficially owns such relevant share options.

* The percentage represents the number of underlying shares of the Company divided by the number of the Company's issued shares as at 31 March 2014.

B.(1) Associated corporation – Peixin Group Limited ("Peixin"), a subsidiary of the Company

Name of Director	Long/short position	Capacity	Number of ordinary shares in Peixin	Percentage* of Peixin's issued share capital
Dr. Lo Kou Hong	Long	Interest held by a controlled corporation	42 shares *(Note)*	30%

Note: The 42 shares in Peixin were beneficially held through a controlled corporation of Dr. Lo Kou Hong and Ms. Ko Lok Ping, Maria Genoveffa in equal shares. As such, Dr. Lo Kou Hong and Ms. Ko Lok Ping, Maria Genoveffa were deemed to be interested in such shares pursuant to Part XV of the SFO. The remaining 70% of Peixin's issued share capital were owned by the Company.

* The percentage represents the number of underlying shares divided by the number of Peixin's issued shares as at 31 March 2014.

B.(2) Associated corporation – Shuyang ITAD Environmental Technology Limited ("Shuyang ITAD"), a subsidiary of the Company

Name of Director	Long/short position	Capacity	Total amount of registered capital in Shuyang ITAD	Percentage of Shuyang ITAD's registered capital
Dr. Lo Kou Hong	Long	Interest held by a controlled corporation	RMB123,640,000	30% *(Note)*

Note: The entire registered capital in Shuyang ITAD was beneficially owned by Peixin and 42 shares in Peixin were beneficially owned by a controlled corporation of Dr. Lo Kou Hong and Ms. Ko Lok Ping, Maria Genoveffa in equal shares. Such 42 shares in Peixin represent 30% of the entire issued share capital of Peixin. As such, Dr. Lo Kou Hong and Ms. Ko Lok Ping, Maria Genoveffa were deemed to be interested in such registered capital pursuant to Part XV of the SFO.

In addition to the above, as at 31 March 2014, Dr. Lo Kou Hong held one share in a subsidiary of the Company in a non-beneficial capacity, solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 31 March 2014, none of the Directors had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, nor had there been any grant or exercise of rights of such interests during the year ended 31 March 2014.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' Interests in the Shares and Underlying Shares of the Company and its Associated Corporations" above and in the section headed "Share Option Scheme" below, 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 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 to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operated a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations. Further details of the Scheme are disclosed in Note 32 to the financial statements.

The following table discloses movements in the Company's share options outstanding during the year:

Name or category of participant	Number of share options: At 1 April 2013	Number of share options: Granted/ exercised/ lapsed/cancelled during the year	Number of share options: At 31 March 2014	Date of grant of share options(Note 1)	Exercise period of share options	Exercise price of share options(Note 2) HK$ per share
Director						
Dr. Lo Kou Hong	6,000,000	–	6,000,000	12-5-05	22-4-05 to 21-4-15	0.275
Other employees						
In aggregate(Note 3)	13,000,000	–	13,000,000	12-5-05	22-4-05 to 21-4-15	0.275
	19,000,000	–	19,000,000			

Notes to the table of share options outstanding during the year:

(1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

(2) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

(3) Ms. Ko Lok Ping, Maria Genoveffa resigned as an executive director of the Company on 27 September 2011. However, the 6,000,000 shares options granted by the Company to Ms. Ko Lok Ping, Maria Genoveffa for subscribing 6,000,000 shares of the Company remain exercisable.

Mr. Leung Tai Tsan, Charles and Mr. Cheung Pui Keung, James resigned as executive directors of the Company on 27 October 2011. However, the 3,000,000 share options granted by the Company to Mr. Leung Tai Tsan, Charles and the 4,000,000 share options granted by the Company to Mr. Cheung Pui Keung, James for subscribing 3,000,000 shares and 4,000,000 shares of the Company respectively remain exercisable.

No share options have been granted, exercised, lapsed and/or cancelled during the year ended 31 March 2014.

The Scheme expired on 23 April 2013. During the year ended 31 March 2014, no share options were granted, exercised, lapsed and/or cancelled by the Company under the Scheme. No further shares options could be granted under the Scheme, but the share options outstanding shall remain in full force and effect in all other respects.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2014, the following persons (other than the Directors) had interests of 5% or more in the issued shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

(1) Interests in shares of the Company

Name of substantial shareholder	Long/short position	Capacity	Number of ordinary shares	Percentage* of the Company's issued share capital
Xinhua News Agency Asia-Pacific Regional Bureau Limited ("APRB")	Long	Beneficial owner	214,681,040	16.48%
Xinhua News Agency Asia-Pacific Regional Bureau	Long	Interest held by controlled corporation	214,681,040 *(Note (1))*	16.48%
PAC Consulting	Long	Beneficial owner	135,387,000	10.40%
	Short	Beneficial owner	20,000,000	1.54%
Huian	Long	Interest held by controlled corporation	133,387,000 *(Note (2))*	10.24%
	Short	Interest held by controlled corporation	20,000,000 *(Note (3))*	1.54%

Notes:

(1) These shares were beneficially owned by APRB, the entire issued share capital of which was beneficially owned by Xinhua News Agency Asia- Pacific Regional Bureau. Accordingly, Xinhua News Agency Asia-Pacific Regional Bureau was deemed to be interested in such shares pursuant to Part XV of the SFO.

(2) These shares were beneficially owned by PAC Consulting which was wholly owned by Huian. Accordingly, Huian was deemed to be interested in such shares pursuant to Part XV of the SFO. The entire issued share capital of Huian was beneficially owned by Mr. Yu Guang. Accordingly, Mr. Yu Guang was deemed to be interested in such shares pursuant to Part XV of the SFO, which is also disclosed as the interest of Mr. Yu Guang in the above section headed "Directors' Interests in the Shares and Underlying Shares of the Company and its Associated Corporations".

(3) The 20,000,000 shares of the Company was pledged to the Company pursuant to the acquisition agreement regarding acquisition of Pan Asia Century Holdings Limited as disclosed in the Company's announcement of 29 August 2012, as security for adjustment of the consideration under the said agreement.

* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 March 2014.

CONNECTED TRANSACTIONS

According to the Cooperation Agreement, APRB has undertaken that the audited operating revenue derived from the television screen broadcast business for the year ended 31 December 2011 and the year ended 31 December 2012 would be no less than HK$30,000,000 and HK$100,000,000, respectively (the "Revenue Undertaking"). As the Revenue Undertaking was not fulfilled, negotiations on remedial actions were conducted. As at 31 March 2014 the parties have made progress as to the major terms of the settlement. As such, the Group has not entered into any connected transactions or continuing connected transactions during the year ended 31 March 2014. However, the parties have subsequently entered into the settlement and remedial agreement on 15 July 2014, which constitutes a non-exempted connected transaction and a very substantial acquisition. Details of which were disclosed in the announcement of the Company dated 15 July 2014.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the best knowledge of the Directors, at least 25% of the Company's issued share capital were held by members of the public as at the latest practicable date prior to the issue of this report, hence the Company has maintained a sufficient public float as required under the Listing Rules.

AUDIT COMMITTEE

The company established an audit committee with written terms of reference in compliance with the Listing Rules. The audit committee of the Company comprised of three Independent non-executive Directors of the Company, namely, Mr. Tsang Chi Hon (the chairman of the audit committee), Mr. Xu Rong and Mr. Wang Qi.

The audit committee has reviewed together with the management of the Company the accounting principles, accounting standards and methods adopted by the Company, discussed the matters concerning internal control, auditing and financial reporting matters and has reviewed the consolidated financial statements of the Group for the year ended 31 March 2014.

CORPORATE GOVERNANCE

Details of the corporate governance practices of the Company are set out in the section headed "Corporate Governance Report" on pages 13 to 23.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2014 annual general meeting, the Register of Members of the Company will be closed from 21 August 2014 to 22 August 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify to attend and vote at the annual general meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited at 22th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 20 August 2014.

AUDITORS

The consolidated financial statements for the year ended 31 March 2014 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. Prior to the appointment of HLB Hodgson Impey Cheng Limited, Ernst & Young previously acted as auditors and resigned on 3 May 2013 and HLB Hodgson Impey Cheng Limited was appointed on 14 May 2013 to act as auditors. A 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

Ju Mengjun
Co-chairman
Hong Kong
30 June 2014

Lo Kou Hong
Co-chairman
Hong Kong
30 June 2014

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 Xinhua News Media Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Xinhua News Media Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 111, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 the ("Directors") 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, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 qualified audit opinion.

BASIS FOR QUALIFIED OPINION

On 28 March 2014 (the "Disposal Date"), the Group disposed of its entire interest in Pan Asia Century Holdings Limited and its subsidiaries (collectively referred to as the "Pan Asia Group"), and the Pan Asia Group has been classified as a discontinued operation. As explained in Note 3 to the consolidated financial statements, the Group has not been able to obtain access to the accounting records of the Pan Asia Group subsequent to the disposal, and the Group has accounted for the discontinued operation based on the unaudited interim accounts of the Pan Asia Group for the period from 1 April 2013 to 30 September 2013 for the purpose of preparing the Group's consolidated financial statements. Under Hong Kong Financial Reporting Standards, the Pan Asia Group should have been consolidated from 1 April 2013 up to the Disposal Date. In the absence of the financial information of the Pan Asia Group for the period from 1 April 2013 up to the Disposal Date, we were unable to obtain sufficient appropriate audit evidence about the loss from discontinued operation of approximately HK$20,324,000 included in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2014 and related disclosures in the consolidated financial statements.

As further explained in Note 3 to the consolidated financial statements, the Group has a right to receive compensation arising from profit guarantee ("the Compensation") in connection with the Group's acquisition of the Pan Asia Group in 2012, which has been accounted for as a derivative financial asset on the Group's consolidated statement of financial position. The fair value change on this derivative financial asset, and the amount of the Compensation, shall be determined based on the financial information of the Pan Asia Group. In the absence of the financial information of the Pan Asia Group as explained above, we were unable to obtain sufficient appropriate audit evidence about the amount of the Compensation of approximately HK$6,938,000 included in the Group's consolidated statement of financial position at 31 March 2014; and the fair value change on derivative financial asset of approximately HK$4,932,000 included in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2014.

Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and the Group as at 31 March 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirement of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Shek Lui
Practising Certificate Number: P05895

Hong Kong, 30 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
CONTINUING OPERATIONS			
Revenue	6	**227,544**	201,167
Other income and gains	6	**3,224**	2,184
Staff costs	7	**(184,059)**	(164,405)
Depreciation and amortisation		**(20,008)**	(20,316)
Fair value change on derivative financial asset	21	**4,932**	2,006
Impairment of intangible assets	17	**(32,438)**	(28,327)
Other operating expenses		**(51,747)**	(49,282)
Finance costs	8	**(8)**	(31)
Share of profit of an associate		**80**	257
Loss before tax from continuing operations	7	**(52,480)**	(56,747)
Income tax expenses	11	**(38)**	–
Loss for the year from continuing operations		**(52,518)**	(56,747)
DISCONTINUED OPERATION			
(Loss)/profit for the year from a discontinued operation	13	**(20,324)**	652
Loss for the year		**(72,842)**	(56,095)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations:			
Exchange differences arising during the year		**1,719**	671
Reclassification adjustments relating to foreign operations disposed of during the year		**(565)**	–
		1,154	671
Total comprehensive loss for the year		**(71,688)**	(55,424)
(Loss)/profit attributable to:			
Owners of the Company		**(70,588)**	(56,569)
Non-controlling interests		**(2,254)**	474
		(72,842)	(56,095)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(69,878)**	(56,247)
Non-controlling interests		**(1,810)**	823
		(71,688)	(55,424)
Loss per share attributable to ordinary equity holders of the Company			
Basic and diluted	14		
– For continuing and discontinued operations		**HK$(0.0542)**	HK$(0.0457)
– For loss from continuing operations		**HK$(0.0402)**	HK$(0.0460)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**23,784**	7,878
Goodwill	16	**–**	22,960
Intangible assets	17	**63,813**	108,650
Investment in an associate	20	**615**	535
Total non-current assets		**88,212**	140,023
Current assets			
Inventories	19	**142**	151
Amount due from an associate	20	**240**	1,265
Derivative financial asset	21	**–**	2,006
Trade receivables	22	**33,488**	39,258
Prepayments, deposits and other receivables	22	**38,607**	37,898
Pledged time deposits	23	**10,506**	10,022
Cash and cash equivalents	23	**57,001**	62,683
		139,984	153,283
Assets classified as held for sale	24	**–**	24,463
Total current assets		**139,984**	177,746
LIABILITIES			
Current liabilities			
Trade payables	25	**4,162**	4,517
Other payables and accrued liabilities	26	**32,582**	28,260
Loan from a director	27	**2,015**	–
Finance lease payable	28	**57**	52
Tax payable		**320**	219
		39,136	33,048
Liabilities directly associated with the assets classified as held for sale	24	**–**	15,763
Total current liabilities		**39,136**	48,811
Net current assets		**100,848**	128,935
Total assets less current liabilities		**189,060**	268,958

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Loan from a director	27	**7,576**	–
Finance lease payable	28	**–**	57
Provision for long service payments	29	**2,290**	1,510
Deferred income	30	**6,071**	6,423
Total non-current liabilities		**15,937**	7,990
Net assets		**173,123**	260,968
EQUITY			
Equity attributable to owners of the Company			
Issued capital	31	**13,023**	13,023
Reserves	33(a)	**163,487**	233,930
		176,510	246,953
Non-controlling interests		**(3,387)**	14,015
Total equity		**173,123**	260,968

Approved by the Board on 30 June 2014 and signed on its behalf by:

Ju Mengjun
Co-chairman

Lo Kou Hong
Co-chairman

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to owners of the Company											
	Share capital HK$'000 (Note 31)	Share premium HK$'000 (Note 31) (note i)	Capital redemption reserve HK$'000 (Note i)	Merger reserve HK$'000 (Note 33(a)) (note i)	Share option reserve HK$'000 (Note 32) (note i)	Warrant reserve HK$'000 (Note i)	Contributed surplus HK$'000 (Note 33(a)) (note i)	Accumulated losses HK$'000 (Note i)	Exchange fluctuation reserve HK$'000 (Note i)	Sub-Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2012	11,669	423,819	254	47,063	17,313	765	26,758	(264,637)	11,765	274,769	(3,632)	271,137
Loss for the year	–	–	–	–	–	–	–	(56,569)	–	(56,569)	474	(56,095)
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	322	322	349	671
Total comprehensive loss for the year	–	–	–	–	–	–	–	(56,569)	322	(56,247)	823	(55,424)
Issue of shares *(Note 31)*	1,354	27,077	–	–	–	–	–	–	–	28,431	–	28,431
Transfer of warrant reserve upon expiry of warrants *(Note 31)*	–	–	–	–	–	(765)	–	765	–	–	–	–
Acquisition of subsidiaries *(Note 34)*	–	–	–	–	–	–	–	–	–	–	16,824	16,824
At 31 March 2013	13,023	450,896	254	47,063	17,313	–	26,758	(320,441)	12,087	246,953	14,015	260,968
At 1 April 2013	**13,023**	**450,896**	**254**	**47,063**	**17,313**	**–**	**26,758**	**(320,441)**	**12,087**	**246,953**	**14,015**	**260,968**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(70,588)**	**–**	**(70,588)**	**(2,254)**	**(72,842)**
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**710**	**710**	**444**	**1,154**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(70,588)**	**710**	**(69,878)**	**(1,810)**	**(71,688)**
Disposal of subsidiaries *(Note 35)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(565)**	**(565)**	**(15,592)**	**(16,157)**
At 31 March 2014	**13,023**	**450,896**	**254**	**47,063**	**17,313**	**–**	**26,758**	**(391,029)**	**12,232**	**176,510**	**(3,387)**	**173,123**

Note:

(i) These reserve accounts comprise the consolidated reserves of HK$163,487,000 (2013: HK$233,930,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Loss before taxation:			
From continuing operations		**(52,480)**	(56,747)
From a discontinued operation	13	**(14,874)**	871
Adjustments for:			
Finance costs	8	**8**	31
Depreciation	7	**7,551**	4,447
Amortisation of intangible assets	7,17	**12,658**	16,101
Amortisation of deferred income	6,30	**(474)**	(462)
Interest income		**(142)**	(644)
Fair value change in derivative financial asset	21	**(4,932)**	(2,006)
Loss on disposal of property, plant and equipment	7	**417**	113
Impairment of intangible assets	7	**32,438**	28,327
Impairment of goodwill	16	**9,960**	–
Share of profit of an associate		**(80)**	(257)
Provision for long service payments	7	**973**	401
Operating loss before working capital changes		**(8,977)**	(9,825)
Decrease in amount due from an associate		**1,025**	110
Decrease/(increase) in trade receivables		**252**	(1,869)
Increase in prepayments, deposits and other receivables		**(10,585)**	(11,627)
Decrease/(increase) in inventories		**9**	(58)
Increase in trade payables		**1,586**	2,277
Increase/(decrease) in other payables and accrued liabilities		**8,200**	(6,869)
Decrease in provision for long service payments		**(193)**	(422)
Cash used in operations		**(8,683)**	(28,283)
Interest paid		**(8)**	(19)
Interest element of a finance lease payable		**–**	(12)
Net cash flows used in operating activities		**(8,691)**	(28,314)

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from investing activities			
Purchases of property, plant and equipment	15	**(1,202)**	(1,080)
Proceeds from disposal of property, plant and equipment		**41**	148
Additions to intangible assets	17, 34	**(5)**	(150)
Interest received		**142**	644
Increase in pledged time deposits		**(484)**	(6,021)
Net cash inflow on acquisition of subsidiaries	34	**–**	9,674
Net cash inflow on disposal of subsidiaries	35	**5,249**	–
Net cash flows generated from investing activities		**3,741**	3,215
Cash flows from financing activities			
(Decrease)/increase in loan from a director		**(1,259)**	1,299
Capital element of a finance lease payable		**(52)**	(48)
Net cash flows generated from financing activities		**(1,311)**	1,251
Net decrease in cash and cash equivalents		**(6,261)**	(23,848)
Cash and cash equivalents at beginning of year		**63,037**	86,071
Effect of exchange rate changes on the balance of cash held in foreign currencies		**225**	814
Cash and cash equivalents at end of year		**57,001**	63,037
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**56,947**	32,597
Non-pledged time deposits with original maturity of less than three months when acquired		**54**	30,086
Cash and cash equivalents as stated in the consolidated statement of financial position	23	**57,001**	62,683
Cash and bank balances attributable to assets classified as held for sale	13	**–**	354
Cash and cash equivalents as stated in the consolidated statement of cash flows		**57,001**	63,037

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

STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	18	**71,604**	132,225
Intangible assets	17	**51,125**	95,223
Total non-current assets		**122,729**	227,448
Current assets			
Amount due from a subsidiary	18	**800**	800
Prepayments, deposits and other receivables	22	**659**	178
Cash and cash equivalents	23	**152**	155
Total current assets		**1,611**	1,133
LIABILITIES			
Current liability			
Other payables and accrued liabilities	26	**1,040**	968
Net current assets		**571**	165
Total assets less current liabilities		**123,300**	227,613
Net assets		**123,300**	227,613
EQUITY			
Capital and reserves			
Share capital	31	**13,023**	13,023
Reserves	33(b)	**110,277**	214,590
Total equity		**123,300**	227,613

Approved by the Board on 30 June 2014 and signed on its behalf by:

Ju Mengjun
Co-chairman

Lo Kou Hong
Co-chairman

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

1. CORPORATE INFORMATION

Xinhua News Media Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is located at 2nd Floor, 5 Sharp Street West, Wan Chai, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") was principally engaged in the provision of cleaning and related services, the provision of medical waste treatment service, the provision of waste treatment service and the provision of television screen broadcast business.

As further detailed in Note 13 to the consolidated financial statements, the management consulting services businesses was classified as discontinued operation during the year ended 31 March 2014 and 2013 respectively.

Other than the above developments, there were no significant changes in the natures of the Group's principal activities during the year.

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

The accounting policies adopted in the consolidated financial statements for the year ended 31 March 2014 are consistent with those followed in the preparation of the Group's consolidated statements for the year ended to 31 March 2013 except as described below.

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 ("HKICPA"), which are effective for the Group's financial year beginning on 1 April 2013.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 to 2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

Amendments to HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

(a) recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*; and

(b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int – 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

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

New and revised Standards on consolidation, joint arrangements, associates and disclosures (continued)

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) – Int13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

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

New and revised Standards on consolidation, joint arrangements, associates and disclosures (continued)

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" and the "income statement" is renamed as the "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 additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

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

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012 (continued)

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*.

Except for the above, the application of these new HKFRSs had no material impact on the Group's consolidated financial performance and positions for the current and prior years. Accordingly, no prior period adjustments had been required.

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

Amendments to HKFRSs	Annual Improvements 2010–2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements 2011–2013 Cycle[2]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39[4]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisations[3]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 July 2014

3 Effective for annual periods beginning on or after 1 January 2016

4 No mandatory effective date yet determined but is available for adoption

5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

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

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- 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. 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.

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

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

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

Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*

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".

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

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

Amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

HK (IFRIC) – Int 21 *Levies*

HK (IFRIC) – Int 21 *Levies* addresses the issue of when to recognise a liability to pay a levy. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance HKFRSs (which include all Hong Kong Financial Reporting Standards, 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 Securities on The Stock Exchange of Hong Kong Limited (the "Main Board Listing Rules"). They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Limitation to access the books and records of the discontinued operation

As disclosed in the Company's announcement dated 31 March 2014, 24 April 2014 and 28 April 2014, the Group entered into an agreement with an independent third party to dispose of the entire interest of Pan Asia Century Holdings Limited ("PAC Holdings"), and its subsidiaries, Pan Asia Century Investments Limited and Shanghai GoalReal Investments Advisory Company Limited ("GoalReal") (collectively referred to as the "Pan Asia Group"). The disposal was completed on 28 March 2014 (the "Disposal Date").

Subsequent to the disposal, the Group lost communication with GoalReal's key management personnel and its accounting personnel and thus were unable to access its books and records of GoalReal for the period from 1 April 2013 to the Disposal Date. Accordingly, the effect of such limitation are stated as below.

Firstly, in preparing the consolidated financial statements of the Group for the year ended 31 March 2014, the Group was unable to account for the financial effect of the Pan Asia Group and satisfied themselves regarding the treatment of the disposal transaction and related disclosures of the discontinued operations for the year ended 31 March 2014. The financial information of GoalReal as disclosed in Note 13 and Note 35 of the consolidated financial statements was derived from the latest available financial information of GoalReal at 30 September 2013. The directors of the Company (the "Directors") are currently still using their best endeavours to obtain all the financial and business records of GoalReal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

Limitation to access the books and records of the discontinued operation (continued)

Secondly, the Group received a profit guarantee from the vendor of Pan Asia Group (the "Profit Guarantee"), Pan Asia Century Consulting Limited (the "Vendor") when the Group completed the acquisition of Pan Asia Group on 24 September 2012 (the "Acquisition"). For details, please refer to the Company's announcement dated 29 August 2012.

Under the Profit Guarantee, the Vendor shall pay to the Group, if the actual net profit of Pan Asia Group for the 12-month period from the date of the Acquisition (the "Profit Guarantee Period") falls below HK$10,000,000, in which case the Vendor shall pay to the Group an amount equivalent to 51% of the difference between HK$10,000,000 and the actual net profit. If Pan Asia Group records a net loss, the Vendor shall pay to the Group an amount equivalent to 51% of the sum of HK$10,000,000 and the absolute amount of the net loss.

According to latest available financial information up to the period ended 30 September 2013, the Pan Asia Group failed to meet the Profit Guarantee. Based on the contractual terms set out in the agreement of the Acquisition, the Group is entitled to a compensation which was estimated at approximately HK$6,938,000. Such compensation of Profit Guarantee is subject to the issuance of the audited accounts of the Pan Asia Group. For details, please refer to the Company announcement dated 24 April 2014.

In the absence of reliable evidence available to the Group as at 31 March 2014, the Directors is currently unable to ascertain (a) the accuracy of the fair value on the compensation for Profit Guarantee which should be paid by the Vendor and (b) the accuracy of the fair value change on the derivative financial assets.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group and of the Company for the year ended 31 March 2014 and 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income within a subsidiary is attributed to the owners of the Company and to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. 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.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Associate

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of an associate is included in the profit or loss and other comprehensive income, respectively. Unrealised gains and losses resulting from transactions between the Group and its associate is eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of an associate is included as part of the Group's investment in an associate and is not individually tested for impairment.

The results of an associate are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investment in an associate is treated as non-current asset and is stated at cost less any impairment losses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, goodwill and non-current assets/a group classified as discontinued operation), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (v) the entity is controlled or jointly controlled by a person identified in (a); and
- (vi) 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.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as discontinued operation, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and a group classified as discontinued operation". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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 life. The principal annual rates used for this purpose are as follows:

Buildings	5%
Leasehold improvements	Over the lease terms
Furniture and equipment	14.3% – 77%
Motor vehicles	14.3% – 25%
Tools and machinery	20% – 33%

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 the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised 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 profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Non-current assets and a group classified as discontinued operation

Non-current assets and a group classified as discontinued operation (other than financial assets) are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment classified as discontinued operation are not depreciated.

Intangible assets (Other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

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.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the relevant lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as loans and receivables as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus transaction cost, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include an amount due from an associate, trade receivables, prepayments, deposits, and other receivables, pledged time deposits and cash and cash equivalents.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other operating expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and a finance lease payable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Cash and cash equivalents

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

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Where the Group receives a non-monetary grant, the asset and the grant are recorded at the fair value of the nonmonetary asset and released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" above;

(b) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

(c) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Share-based payment transactions

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. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 32 to the consolidated financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

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 each reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance (the "Employment Ordinance") in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services at the Group to the end of each reporting period.

A contingent liability is disclosed in respect of the full possible future long service payments to employees, as a number of current employees have achieved the required number of years of service to the Group, at the end of the reporting period, in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated in the circumstances specified. A full provision has not been recognised in respect of such possible payments as it is not considered probable that they will all result in a future outflow of resources from the Group.

Retirement benefit schemes

The Group operates a defined contribution staff retirement scheme (the "Scheme") for certain of its employees, the assets of which are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the eligible employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the Scheme. The Group's employer contributions vest fully with the employees when contributed into the Scheme.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss 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.

Employees have the option to join either one of the above schemes.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and associate are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period, and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contingent liabilities and contingent 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. Contingent assets are not recognised but are 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.

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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification between intangible assets and property, plant and equipment

The Group determines whether an asset is classified as an intangible asset under HK(IFRIC) – Int 12, and has developed criteria in making that judgement. The operator shall recognise an intangible asset to the extent that it receives a right to charge users of the public service. Therefore, the Group has to exercise judgement in determining whether an asset (i) is used to provide the public service and classified as an intangible asset under HK(IFRIC) – Int 12; or (ii) is held for use in the production or supply of goods or services, or for administrative purposes and classified as property, plant and equipment.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide 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 differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Fair value of derivatives and other financial instruments

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

Estimation uncertainty

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

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Property, plant and equipment and other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 March 2014, the aggregate carrying amount of the Group's property, plant and equipment was approximately HK$23,784,000 (2013: HK$7,878,000). A net of accumulated impairment loss of approximately HK$77,182,000 (2013: HK$77,182,000) was related to the property, plant and equipment of the discontinued operation and the aggregate carrying amount of the Group's intangible assets was approximately HK$63,813,000 (2013: HK$108,650,000), net of accumulated impairment loss of approximately HK$73,446,000 (2013: HK$41,008,000).

Provision for impairment of trade and other receivables

The Group makes provision for impairment of trade and other receivables based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of trade and other receivables requires the use of judgement and estimates. Where the expectation on the recoverability of trade and other receivables is different from the original estimate, such difference will impact the carrying value of trade and other receivables and impairment expenses in the period in which such estimate has been changed. The aggregate carrying amount of the Group's trade and other receivables as at 31 March 2014 was approximately HK$72,095,000 (2013: HK$77,156,000), net of accumulated impairment loss of Nil (2013: Nil).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for long service payments

The Group provides for probable future long service payments expected to be made to employees under the Employment Ordinance. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services at the Group to the end of the reporting period.

Net realisable value of inventories

The Group performs regular review of the carrying amounts of inventories with reference to aged analyses of the Group's inventories, projections of expected future saleability of goods and management experience and judgement. Based on this review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value.

Due to changes in technological, market or economic environment and customers' preference, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation. The aggregate carrying amount of the Group's inventories as at 31 March 2014 was approximately HK$142,000 (2013: HK$151,000).

Depreciation

The Group depreciates the property, plant and equipment on the straight-line basis over the respective estimated useful lives with the depreciation charge commencing from the date an item of the property, plant and equipment is available for use. The estimated useful life reflects the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The net book value of the Group's property, plant and equipment as at 31 March 2014 was approximately HK$23,784,000 (2013: HK$7,878,000).

Amortisation

The Group amortises the intangible assets on the straight-line basis over the respective estimated useful lives with the amortisation provide commencing from the date an item of the intangible assets are available for use. The estimated useful life reflects the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's intangible assets. The net book value of the Group's intangible assets as at 31 March 2014 was approximately HK$63,813,000 (2013: HK$108,650,000).

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the cleaning and related services segment engages in the provision of cleaning and related services for office buildings, public areas and residential areas;

(b) the medical waste treatment segment engages in the provision of non-incineration medical waste handling services for hospitals;

(c) the television screen broadcast business segment engages in the provision of publicly broadcasting information and advertisements on television screens services; and

(d) the waste treatment business segment engages in the provision of organic waste treatment and sale of the by-products produced.

The management consulting services segment engages in the provision of investment management and consulting services, management solutions for hospitals and sales of medical equipment. This segment was acquired on 24 September 2012 and was disposed of on 28 March 2014. This segment was classified as discontinued operation after its disposal. For disposal of subsidiaries, please refer to Note 35 of the consolidated financial statements. For discontinued operation, please refer to Note 13 to the consolidated financial statement.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment result, which is a measure of adjusted loss before tax from continuing operations. The adjusted loss before tax from continuing operations are measured consistently with the Group's loss before tax from continuing operations except that interest income, fair value change on derivative financial assets, impairment loss recognised in profit or loss in respect of intangible assets and goodwill, finance costs, impairment losses from the Group's financial instruments are excluded from such measurement.

Segment assets exclude pledged deposits, cash and cash equivalents and unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude loans from a director, a finance lease payable, unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

There are no intersegment sales and transfers between the segments.

5. OPERATING SEGMENT INFORMATION (continued)

The following is an analysis of the Group's revenue and results by reportable segments:

	Continuing operations										Discontinued operation			
	Cleaning and related services		Television screen broadcast business		Medical waste treatment		Waste treatment		Sub-total		Management consulting services		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:														
Service income from external customers	**218,223**	193,109	**742**	1,003	**8,508**	7,055	**71**	–	**227,544**	201,167	**430**	4,336	**227,974**	205,503
Other income and gains	**1,717**	803	**1**	33	**841**	515	**529**	197	**3,088**	1,548	**–**	–	**3,088**	1,548
Total	**219,940**	193,912	**743**	1,036	**9,349**	7,570	**600**	197	**230,632**	202,715	**430**	4,336	**231,062**	207,051
Segment results	**6,453**	4,729	**(20,028)**	(25,113)	**2,556**	1,844	**(4,364)**	(2,327)	**(15,383)**	(20,867)	**(4,921)**	864	**(20,304)**	(20,003)
Reconciliation:														
Interest income									**135**	637	**7**	7	**142**	644
Share of profit of an associate									**80**	257	**–**	–	**80**	257
Unallocated expenses									**(9,798)**	(10,422)	**–**	–	**(9,798)**	(10,422)
Fair value change on derivative financial asset									**4,932**	2,006	**–**	–	**4,932**	2,006
Impairment losses recognised in profit or loss in respect of:														
Intangible assets*									**(32,438)**	(28,327)	**–**	–	**(32,438)**	(28,327)
Goodwill**									**–**	–	**(9,960)**	–	**(9,960)**	–
Loss on disposal of subsidiaries									**–**	–	**(5,450)**	–	**(5,450)**	–
Finance costs									**(8)**	(31)	**–**	–	**(8)**	(31)
(Loss)/profit before tax									**(52,480)**	(56,747)	**(20,324)**	871	**(72,804)**	(55,876)
Income tax expenses									**(38)**	–	**–**	(219)	**(38)**	(219)
(Loss)/profit for the year									**(52,518)**	(56,747)	**(20,324)**	652	**(72,842)**	(56,095)

* Impairment of intangible assets was related to the television screen broadcast business segment.

** Impairment of goodwill was related to the management consulting services.

5. OPERATING SEGMENT INFORMATION (continued)

Other segment information:

	Continuing operations										Discontinued operation			
	Cleaning and related services		Television screen broadcast business		Medical waste treatment		Waste treatment		Sub-total		Management consulting services		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**62,873**	55,855	**121,282**	138,119	**21,047**	19,102	**22,139**	24,463	**227,341**	237,539	**–**	53,464	**227,341**	291,003
Reconciliation:														
Goodwill									**–**	22,960	**–**	–	**–**	22,960
Investment in an associate									**615**	535	**–**	–	**615**	535
Amount due from an associate									**240**	1,265	**–**	–	**240**	1,265
Derivative financial asset									**–**	2,006	**–**	–	**–**	2,006
Assets classified as held for sale									**–**	(24,463)	**–**	–	**–**	(24,463)
Total assets									**228,196**	239,842	**–**	53,464	**228,196**	293,306
Segment liabilities	**27,272**	23,084	**3,969**	3,422	**7,057**	7,049	**7,127**	5,113	**45,425**	38,668	**–**	7,374	**45,425**	46,042
Reconciliation:														
Finance lease payable									**57**	109	**–**	–	**57**	109
Loans from a director									**9,591**	10,650	**–**	–	**9,591**	10,650
Liabilities directly associated with the assets classified as held for sale									**–**	(15,763)	**–**	–	**–**	(15,763)
Total liabilities									**55,073**	33,664	**–**	7,374	**55,073**	41,038
Other segment information:														
Capital expenditure	**741**	578	**316**	497	**151**	155	**–**	81	**1,208**	1,311	**–**	–	**1,208**	1,311
Depreciation and amortisation	**711**	585	**15,003**	18,325	**1,441**	1,406	**2,853**	–	**20,008**	20,316	**201**	232	**20,209**	20,548
Impairment losses recognised in profit or loss in respect of:														
Intangible assets	**–**	–	**32,438**	28,327	**–**	–	**–**	–	**32,438**	28,327	**–**	–	**32,438**	28,327
Share of profit of an associate	**80**	257	**–**	–	**–**	–	**–**	–	**80**	257	**–**	–	**80**	257

5. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2014 HK$'000	2013 HK$'000 (Restated)
Hong Kong	**218,964**	194,113
Mainland China	**8,580**	7,054
	227,544	201,167

(b) Non-current assets

	2014 HK$'000	2013 HK$'000
Hong Kong	**54,498**	101,677
Mainland China	**33,714**	38,346
	88,212	140,023

The revenue and non-current assets information from continuing operations above are based on the location of the customers and that of the assets, respectively.

Information about a major customer

Revenue from continuing operations for the year ended 31 March 2014 of approximately HK$58,862,000 (2013: HK$59,365,000) was derived from revenue by the cleaning and related services segment to the Group's largest single customer. Approximately HK$53,609,000 (2013: HK$41,167,000) was derived from another one (2013: one) customer contributed 10% or more to the Group's revenue for the year ended 31 March 2014.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of services rendered and goods sold. An analysis of the Group's revenue, other income and gains from continuing operations is as follows:

	Note	The Group 2014 HK$'000	2013 HK$'000 (Restated)
Revenue			
Cleaning and related service fee income		**218,223**	193,109
Television screen broadcast business income		**742**	1,003
Medical waste treatment income		**8,508**	7,055
Waste treatment income		**71**	–
		227,544	201,167
Other income and gains			
Bank interest income		**135**	636
Amortisation of deferred income*	30	**474**	462
Management fee received		**60**	68
Sundry income		**2,555**	1,018
		3,224	2,184

* Various government grants have been received for purchase of property, plant and equipment for medical waste treatment. There are no unfulfilled conditions or contingencies relating to these subsidies.

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

		The Group			
		2014		2013	
		Continuing operations	**Discontinued operation**	Continuing operations	Discontinued operation
	Notes	**HK$'000**	**HK$'000**	HK$'000	HK$'000
				(Restated)	(Restated)
Cost of services rendered*		**193,669**	**194**	175,408	2,719
Auditors' remuneration		**1,062**	**–**	1,021	–
Minimum lease payments under operating lease in respect of land and buildings		**1,466**	**325**	2,608	62
Depreciation on owned property, plant and equipment		**7,302**	**201**	4,167	232
Depreciation on leased property, plant and equipment		**48**	**–**	48	–
Amortisation of intangible assets	17	**12,658**	**–**	16,101	–
Employee benefit expenses (including directors' remuneration *(Note 9)*)					
Wages, salaries and other benefits		**174,954**	**107**	156,342	102
Retirement benefit scheme contributions		**7,512**	**18**	6,787	18
Provision for long service payments	29	**532**	**–**	401	–
Provision for untaken paid leave		**1,061**	**–**	875	–
Total employee benefit expenses		**184,059**	**125**	164,405	120
Impairment of intangible assets	17	**32,438**	**–**	28,327	–
Impairment of goodwill	16	**–**	**9,960**	–	–
Loss on disposal on subsidiaries		**–**	**5,450**	–	–
Loss on disposal of items of property, plant and equipment		**138**	**279**	341	–

* The cost of services rendered included an employee benefit expenses of approximately HK$163,566,000 (2013: HK$149,058,000) incurred in the provision of services which has been included in the employee benefit expenses above.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Interest on a bank overdraft	**–**	19
Interest on a finance lease	**8**	12
	8	31

All finance costs are from continuing operations only.

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Fees	**988**	810
Other emoluments:		
Salaries and allowances	**2,313**	1,050
Retirement benefit scheme contributions	**66**	43
	2,379	1,093
	3,367	1,903

9. DIRECTORS' REMUNERATION (continued)

(a) Independent non-executive directors

	Fees HK$'000	Retirement benefit scheme contributions HK$'000	Total remuneration HK$'000
2014			
Mr. Xu Rong	**150**	**–**	**150**
Ms. Xu Zhijuan *(Removed on 20 November 2013)*	**360**	**–**	**360**
Mr. Tang Binfeng	**150**	**–**	**150**
Mr. Wang Qi	**160**	**6**	**166**
Mr. Tsang Chi Hon *(Appointed on 25 November 2013)*	**168**	**–**	**168**
	988	**6**	**994**
2013			
Mr. Xu Rong	120	–	120
Ms. Xu Zhijuan	450	–	450
Mr. Tang Binfeng	120	–	120
Mr. Wang Qi	120	7	127
	810	7	817

(b) Executive directors

	Salaries and allowances HK$'000	Equity-settled share option expenses HK$'000	Retirement benefit scheme contributions HK$'000	Total remuneration HK$'000
2014				
Mr. Ju Mengjun *(Co-chairman)*	**–**	**–**	**–**	**–**
Dr. Lo Kou Hong *(Co-chairman)*	**895**	**–**	**58**	**953**
Mr. Xu Zugen *(Resigned on 22 June 2013)*	**–**	**–**	**–**	**–**
Mr. Mao Hongcheng *(Resigned on 15 July 2013)*	**–**	**–**	**–**	**–**
Mr. Chang Loong Cheong *(Resigned on 10 September 2013)*	**190**	**–**	**–**	**190**
Mr. Meng Jin *(Resigned on 10 September 2013)*	**90**	**–**	**–**	**90**
Mr. Shi Guoxiong *(Resigned on 10 September 2013)*	**90**	**–**	**–**	**90**
Mr. Zhou Guanghe *(Resigned on 10 September 2013)*	**90**	**–**	**–**	**90**
Mr. Yu Guang *(Appointed on 14 August 2013)*	**152**	**–**	**–**	**152**
Mr. David Wei Ji *(Appointed on 20 August 2013)*	**806**	**–**	**2**	**808**
Mr. Chang Yong *(Appointed on 10 September 2013)*	**–**	**–**	**–**	**–**
Mr. Yan Liang *(Appointed on 10 September 2013)*	**–**	**–**	**–**	**–**
	2,313	**–**	**60**	**2,373**

9. DIRECTORS' REMUNERATION (continued)

(b) Executive directors (continued)

	Salaries and allowances HK$'000	Equity-settled share option expenses HK$'000	Retirement benefit scheme contributions HK$'000	Total remuneration HK$'000
2013				
Mr. Ju Mengjun *(Co-chairman)*	–	–	–	–
Dr. Lo Kou Hong *(Co-chairman)*	390	–	36	426
Mr. Xu Zugen	–	–	–	–
Mr. Mao Hongcheng	–	–	–	–
Mr. Chang Loong Cheong	120	–	–	120
Mr. Meng Jin	300	–	–	300
Mr. Shi Guoxiong	120	–	–	120
Mr. Zhou Guanghe	120	–	–	120
	1,050	–	36	1,086

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the years ended 31 March 2014 and 2013, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group.

During the year, Mr. Yu Guang was appointed as Chief Executive Officer of the Company and Mr. David Wei Ji was appointed as Chief Operating Officer of the Company with effective from 20 December 2013.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2013: Nil) Director, details of whose remuneration are set out in Note 9 above. Details of the remuneration of the remaining four (2013: five) non-directors, highest paid employee for the year are as follows:

	The Group	
	2014 HK$'000	2013 HK$'000
Salaries and allowances	**4,340**	4,460
Retirement benefit scheme contributions	**277**	275
	4,617	4,735

The number of the non-director, highest paid employee whose remuneration fell within the following band is as follows:

	Number of employees	
	2014	2013
Nil to HK$1,000,000	**1**	3
HK$1,000,001 to HK$1,500,000	**2**	1
HK$1,500,001 to HK$2,000,000	**1**	1
	4	5

During the years ended 31 March 2014 and 2013, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group.

11. INCOME TAX EXPENSES

	Note	The Group 2014 HK$'000	2013 HK$'000
Current tax			
Hong Kong		**–**	–
Mainland China		**38**	219
		38	219
Tax charge from continuing operations for the year		**38**	–
Tax charge from a discontinued operation for the year	13	**–**	219
		38	219

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2013: Nil).

The corporate income tax has been provided for subsidiaries in Mainland China based on assessable profits arising in Mainland China during the year (2013: Nil). Subsidiaries located in the People's Republic of China (the "PRC") are subject to the PRC corporate income tax at a rate of 25% on its assessable profits.

A reconciliation of the tax position applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax position at the effective tax rates, is as follows:

	The Group					
	Hong Kong		Mainland China		Total	
	2014 HK$'000	2013 HK$'000 (Restated)	2014 HK$'000	2013 HK$'000 (Restated)	2014 HK$'000	2013 HK$'000 (Restated)
Loss before tax from continuing operations	**(52,158)**	(56,598)	**(322)**	(149)	**(52,480)**	(56,747)
Tax at the statutory tax rate	**(8,606)**	(9,339)	**(81)**	(37)	**(8,687)**	(9,376)
Income not subject to tax	**(1,115)**	(472)	**(1)**	(2)	**(1,116)**	(474)
Expenses not deductible for tax	**8,263**	7,908	**9**	26	**8,272**	7,934
Tax losses utilised from previous years	**(341)**	(237)	**(837)**	(535)	**(1,178)**	(772)
Tax losses not recognised	**1,799**	2,140	**948**	548	**2,747**	2,688
Tax at the Group's effective rate	**–**	–	**38**	–	**38**	–

The Group has tax losses arising in Hong Kong of approximately HK$64,070,000 (2013: HK$62,149,000) which are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses because in the opinion of the Directors, it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group has tax losses arising in Mainland China of approximately HK$45,041,000 (2013: HK$44,597,000) for continuing operations, that are available for five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses because it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

12. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year ended 31 March 2014 includes a loss of HK$104,313,000 (2013: HK$48,432,000) which has been dealt with in the consolidated financial statements of the Company (Note 33(b)).

13. DISCONTINUED OPERATION

Save as disclosed in Note 3 to the consolidated financial statement, on 28 March 2014, the Group entered into an agreement to dispose of the entire issued share capital of PAC Holdings and the full amount of the interest-free shareholder's loan owed by PAC Holdings to the Group. PAC Holdings and its subsidiaries carried out the management consulting services business of the Group. The disposal was completed on 28 March 2014 immediately after execution of the agreement, on which date the Group ceased to hold any issued share capital of PAC Holdings. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 35.

The (loss)/profit from the discontinued operation which has been included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows are set out below:

	Note	**2014** **HK$'000**	2013 HK$'000
Revenue		**430**	4,336
Other income and gains		**7**	7
Impairment loss on goodwill		**(9,960)**	–
Expenses		**(5,351)**	(3,472)
(Loss)/profit before tax from discontinued operation		**(14,874)**	871
Income tax expenses	11	**–**	(219)
(Loss)/profit for the year		**(14,874)**	652
Loss on disposal of subsidiaries	35	**(5,450)**	–
(Loss)/profit for the year from discontinued operation		**(20,324)**	652
(Loss)/profit for the year from discontinued operation attributable to:			
Owners of the Company		**(18,228)**	330
Non-controlling interest		**(2,096)**	322
		(20,324)	652
(Loss)/profit for the year from discontinued operation includes the following:			
Depreciation on owned property, plant and equipment		**201**	232
Loss on disposal of items of property, plant and equipment		**279**	–

13. DISCONTINUED OPERATION (continued)

The net cash flows incurred by the management consulting services business are as follows:

	2014 **HK$'000**	2013 HK$'000
Operating activities	**(8,448)**	(7,158)
Investing activities	**–**	–
Financing activities	**–**	–
	(8,448)	(7,158)
Effect of foreign exchange rate changes, net	**509**	174
Net cash outflow	**(7,939)**	(6,984)
(Loss)/earnings per share:		
Basic and diluted, from the discontinued operation	**HK$(0.0140)**	HK$0.0027

The calculation of the basic and diluted earnings per share from the discontinued operation is based on:

	2014 **HK$'000**	2013 HK$'000
(Loss)/profit attributable to ordinary equity holders of the Company from the discontinued operation	**(18,228)**	330

		Number of shares	
	Note	**2014**	2013
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	14	**1,302,286,040**	1,237,003,541

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2014 and 2013 in respect of a dilution as the impact of the warrants and share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic and diluted loss per share

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,302,286,040 (2013: 1,237,003,541) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2014 and 2013 in respect of a dilution as the impact of the warrants and share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of the basic and diluted loss per share is based on:

	2014	2013
	HK$'000	HK$'000
(Loss)/profit		
(Loss)/profit attributable to ordinary equity holders of the Company used in the basic and diluted loss per share calculation:		
– Continuing and discontinued operations	**(70,588)**	(56,569)
– Discontinued operation	**(18,228)**	330
– Continuing operations	**(52,360)**	(56,899)

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**1,302,286,040**	1,237,003,541

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Tools and machinery HK$'000	Total HK$'000
Cost						
At 1 April 2012	–	5,526	5,248	4,640	6,422	21,836
Additions	–	428	131	–	521	1,080
Disposals	–	(902)	(838)	–	(469)	(2,209)
Acquisition of subsidiaries during the year *(Note 34)*	–	332	–	982	13	1,327
Exchange realignment	–	4	3	27	–	34
At 31 March 2013 and 1 April 2013	–	5,388	4,544	5,649	6,487	22,068
Additions	–	150	249	139	665	1,203
Disposals	–	(343)	(230)	(179)	(260)	(1,012)
Derecognised on disposal of subsidiaries	–	–	–	(1,014)	(13)	(1,027)
Reclassified from assets held for sale	53,594	–	158	–	69,175	122,927
Exchange alignment	1,006	7	14	58	1,299	2,384
At 31 March 2014	**54,600**	**5,202**	**4,735**	**4,653**	**77,353**	**146,543**
Accumulated depreciation and impairment						
At 1 April 2012	–	1,592	3,256	2,927	4,052	11,827
Charge for the year	–	2,340	508	664	935	4,447
Written back on disposals	–	(902)	(824)	–	(370)	(2,096)
Exchange realignment	–	–	2	10	–	12
At 31 March 2013 and 1 April 2013	–	3,030	2,942	3,601	4,617	14,190
Charge for the year	2,664	1,972	1,066	673	1,176	7,551
Written back on disposals	–	(64)	(170)	(164)	(156)	(554)
Eliminated on disposal of subsidiaries	–	–	–	(363)	(12)	(375)
Reclassified from assets held for sale	31,384	–	75	–	68,577	100,036
Exchange realignment	584	1	9	30	1,287	1,911
At 31 March 2014	**34,632**	**4,939**	**3,922**	**3,777**	**75,489**	**122,759**
Carrying amount						
At 31 March 2014	**19,968**	**263**	**813**	**876**	**1,864**	**23,784**
At 31 March 2013	–	2,358	1,602	2,048	1,870	7,878

15. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

At 31 March 2014 and 2013, the Group was in the process of obtaining the building ownership certificates of the Group's buildings. Notwithstanding this, the Directors are of the opinion that the Group has obtained the legal rights to use these assets as at 31 March 2014 and 2013.

16. GOODWILL

The Group

	Note	HK$'000
Cost		
At 1 April 2012		39,185
Acquisition of subsidiaries during the year	34	22,960
At 31 March 2013 and 1 April 2013		62,145
Disposal of subsidiaries during the year	35	(22,960)
At 31 March 2014		**39,185**
Accumulated impairment		
At 1 April 2012, 31 March 2013 and 1 April 2013		**39,185**
Impairment loss recognised during the year		**9,960**
Disposal of subsidiaries during the year		**(9,960)**
At 31 March 2014		**39,185**
Carrying amount		
At 31 March 2014		**–**
At 31 March 2013		22,960

16. GOODWILL (continued)

The Group (continued)

Goodwill is allocated to the Group's cash-generating units identified according to business segment as follows:

	2014 **HK$'000**	2013 HK$'000
Management consulting services	**–**	22,960
Medical waste treatment	**–**	–
	–	22,960

Management consulting services:

During the year ended 31 March 2013, goodwill was resulted from the acquisition of 100% equity interest of Pan Asia Group. The principal activity of Pan Asia Group is management consulting services. The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a ten-year period, and a pre-tax discount rate of 24.17% per annum. Cash flow projections during the budget period are based on management consulting services provided and associated cost of sales throughout the budget period. As the management consulting services is a new developed business segment of the Group, the Directors consider that the ten-year budget period can reflect a better understanding and oversight of this cash-generating unit. The cash flows beyond that ten-year period have been extrapolated using a steady 3% per annum growth rate which is the projected long-term average growth rate for the management consulting services. The Directors 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.

Medical waste treatment:

Goodwill acquired through business combination in the year ended 31 March 2008 related to medical waste treatment cash-generating unit of HK$39,185,000 has been fully impaired.

17. INTANGIBLE ASSETS

The Group

	Medical waste treatment HK$'000	Free right HK$'000	Total HK$'000
Cost			
At 1 April 2012	33,995	151,286	185,281
Additions	150	–	150
Exchange realignment	231	–	231
At 31 March 2013 and 1 April 2013	34,376	151,286	185,662
Additions	5	–	5
Exchange realignment	645	–	645
At 31 March 2014	**35,026**	**151,286**	**186,312**
Accumulated amortisation and impairment			
At 1 April 2012	19,837	12,607	32,444
Amortisation during the year	972	15,129	16,101
Impairment for the year	–	28,327	28,327
Exchange realignment	140	–	140
At 31 March 2013 and 1 April 2013	20,949	56,063	77,012
Amortisation during the year	998	11,660	12,658
Impairment for the year	–	32,438	32,438
Exchange realignment	391	–	391
At 31 March 2014	**22,338**	**100,161**	**122,499**
Carrying amount			
At 31 March 2014	**12,688**	**51,125**	**63,813**
At 31 March 2013	13,427	95,223	108,650

17. INTANGIBLE ASSETS (continued)

The Company

	Free right HK$'000
Cost	
At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014	**151,286**
Accumulated amortisation and impairment	
At 1 April 2012	12,607
Amortisation during the year	15,129
Impairment for the year	28,327
At 31 March 2013 and 1 April 2013	56,063
Amortisation during the year	11,660
Impairment for the year	32,438
At 31 March 2014	**100,161**
Carrying amount	
At 31 March 2014	**51,125**
At 31 March 2013	95,223

Medical waste treatment represents the assets from the related business segment which recognise as intangible asset under HK(IFRIC) – Int 12 when the Group receives a right to charge users of the public service. Free right arise from a cooperation agreement with Xinhua News Agency Asia-Pacific Regional Bureau Limited ("APRB") for the development of the TV screen broadcast business (the "Cooperation Agreement"). The following useful lives are used in the calculation of amortisation:

Medical waste treatment	20 years
Free right	10 years

According to the Cooperation Agreement with APRB, the Group is entitled to receive compensation from APRB if the revenue generated from free right is less than HK$30,000,000 and HK$100,000,000 in the year ended 31 December 2011 and 2012 respectively. The Group is still in negotiation with APRB in relation to the terms of the compensation.

17. INTANGIBLE ASSETS (continued)

Impairment testing on intangible assets

The Directors estimated the recoverable amount of the cash-generating units by comparing the higher of the fair value less costs to disposal and the value in use of the cash-generating units based on the discounted cash flows prepared by the management.

Medical waste treatment:

The estimates of the recoverable amount of the medical waste treatment as at 31 March 2014 and 2013 were determined based on a value in use calculation using cash flow projections based on the five-year financial forecast approved by the Directors. Cash flows beyond the five-year period had been extrapolated through to the end of the fiscal year in 2027, which is the maturity year of the public service providing by the Group, to cover the remaining useful lives of related non-current assets. No impairment on medical waste treatment was recognised during the year ended 31 March 2014 and 2013.

The directors 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.

Key assumptions used for the value in use calculation:

	2014 **HK$'000**	2013 HK$'000
Growth rate	**5%**	5%
Pre-tax discount rate	**17%**	18%

Free right:

The estimates of the recoverable amount of the free right as at 31 March 2014 and 2013 were determined based on a value in use calculation using cash flow projections based on the five-year financial forecast approved by the Directors together with a pre-tax discount rate of 26.5% (2013: 22.4%) by reference to the valuation performed by an independent professional valuer. Cash flows beyond the five-year period had been extrapolated through to the end of the fiscal year in 2021, which is the end of contractual period of Cooperation Agreement, to cover the remaining useful lives of related non-current assets.

Impairment loss on free right of HK$32,438,000 was recognised during the year ended 31 March 2014 due to the decrease in value in use as a result of the reduction in projected revenue during the forecast period as compared with the original cash flow forecast.

18. INVESTMENTS IN SUBSIDIARIES

	The Company 2014 HK$'000	The Company 2013 HK$'000
Unlisted share/investments, at cost	**59,522**	59,522
Amounts due from subsidiaries	**281,042**	286,509
	340,564	346,031
Impairment*	**(268,160)**	(213,006)
	72,404	133,025
Portion classified as current assets	**(800)**	(800)
Non-current portion	**71,604**	132,225

* An impairment was recognised for certain unlisted investments and amounts due from subsidiaries with a carrying amount of HK$241,830,000 (before deducting the impairment loss) (2013: HK$248,096,000) because of the deteriorating operating results of certain subsidiaries. No additional impairment loss was recognised for the year ended 31 March 2014.

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand except for HK$800,000, which is receivable within the next twelve months. The carrying amounts of the amounts due from subsidiaries approximate to their fair values.

Particulars of the subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Sinopoint Corporation	British Virgin Islands/ Hong Kong	US$100 Ordinary	100	–	Investment holding
Lo's Cleaning Services Limited	Hong Kong	HK$100 Ordinary HK$26,768,000 Non-voting deferred	–	100	Provision of cleaning and related services
Honest Grand International Limited	British Virgin Islands/ Hong Kong	US$100 Ordinary	–	100	Investment holding
Victory Joy International Limited	British Virgin Islands/ Hong Kong	US$1 Ordinary	–	100	Investment holding

18. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Seasun Group Limited	British Virgin Islands/ Hong Kong	US$3,000 Ordinary	–	65	Investment holding
Lo's Tsinghua Daring Medical Waste Treatment (China) Holdings Limited	Hong Kong	HK$1 Ordinary	–	65	Investment holding
Oriental Emperor Holdings Limited	British Virgin Islands/ Hong Kong	US$100 Ordinary	–	55	Investment holding
Lo's Tsinghua Daring Environmental Technology Holdings Limited	Hong Kong	HK$1 Ordinary	–	55	Investment holding
Siping Lo's Tsinghua Daring Environmental Technology Limited#	PRC/Mainland China	HK$10,000,000	–	55	Provision of medical waste treatment services
Suifa Lo's Tsinghua Daring Environmental Technology Limited#	PRC/Mainland China	HK$10,000,000	–	55	Provision of medical waste treatment services
Heihe Lo's Tsinghua Daring Environmental Technology Limited#	PRC/Mainland China	HK$10,000,000	–	55	Dormant
Marce International Limited	British Virgin Islands/ Hong Kong	US$100 Ordinary	–	100	Investment holding
Peixin Group Limited	British Virgin Islands/ Hong Kong	–	–	70	Investment holding
Shuyang ITAD Environmental Technology Limited#	PRC/Mainland China	RMB123,640,000	–	70	Provision of waste treatment Services
Xinhua News Media Limited	British Virgin Islands/ Hong Kong	US$1 Ordinary	100	–	Provision of television screen broadcast business

18. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Ally Thrive Investments Limited	British Virgin Islands/ Hong Kong	US$100 Ordinary	100	–	Investment holding
Pan Asia Century Holdings Limited*	British Virgin Islands/ Hong Kong	US$1 Ordinary	–	100	Investment holding
Pan Asia Century Investments Limited*	Hong Kong	HK$1 Ordinary	–	100	Investment holding
Shanghai Goalreal Investment Advisory Company Limited*	PRC/Mainland China	RMB20,000,000	–	51	Provision of management consulting services

* Disposed on 28 March 2014

\# Registered as wholly foreign-owned enterprises under PRC law.

The Directors of the Company consider that no individually non-controlling interest is considered material to the Group as at 31 March 2014.

19. INVENTORIES

	The Group 2014 HK$'000	2013 HK$'000
Finished goods	**142**	151

20. INVESTMENT IN AN ASSOCIATE

	The Group 2014 HK$'000	2013 HK$'000
Unlisted share, at cost	**4**	4
Share of net assets	**611**	531
	615	535
Amount due from an associate	**240**	1,265

The amount due from an associate is unsecured, interest-free and repayable on demand (2013: the amount due from an associate is unsecured, bears interest at a rate of 5% per annum and is repayable on or before 14 November 2013). The carrying amount of the amount due from an associate approximates to its fair value.

Particulars of the associate are as follows:

Name	Place of incorporation	Particulars of issued shares held	Percentage of ownership interest attributable to the Group	Principal activities
Faber China Limited	Hong Kong	Ordinary shares of HK$1 each	40	Trading of professional cleaning products and marble-care products

The following table illustrates the summarised financial information of the Group's associate extracted from its financial statements:

	2014 HK$'000	2013 HK$'000
Assets	**2,070**	3,249
Liabilities	**532**	1,912
Revenue	**1,364**	2,000
Profit	**201**	641

21. DERIVATIVE FINANCIAL ASSET

Derivative financial asset represents the fair value of the consideration adjustment arose from the acquisition of Pan Asia Group as at 31 March 2013. The Group will receive an amount as consideration if the actual net profit of the Pan Asia Group for the 12-month period commencing from the acquisition completion date falls below HK$10,000,000. The movement of the derivative financial asset is stated as below:

	2014	2013
	HK$'000	HK$'000
As beginning of the year	**2,006**	–
Fair value change *(Note (a))*	**4,932**	2,006
Reclassified to other receivable *(Note (b))*	**(6,938)**	–
At end of the year	**–**	2,006

Note:

(a) The fair value change of derivative financial asset during year ended 31 March 2013 was reference to the valuation performed by an independent professional valuer.

The fair value change of derivative financial assets during the year ended 31 March 2014 was estimated reference to the financial statement of Pan Asia Group at 30 September 2013 as stated in Note 3.

(b) As explained in Note 3, the compensation of the Profit Guarantee from the Vendor was reclassified to other receivable when the completion of Profit Guarantee Period.

22. TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group	
	2014	2013
	HK$'000	HK$'000
Trade receivables	**33,488**	39,258

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 days, extending up to 90 days for customers with a long-term relationship. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within 30 days	**19,243**	16,234
31 to 60 days	**10,434**	9,190
61 to 90 days	**3,434**	3,491
91 to 120 days	**273**	10,018
Over 120 days	**104**	325
	33,488	39,258

22. TRADE RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The Group's other receivables mainly represents HK$17,000,000 receivable for the disposal of Pan Asia Group as stated in Note 35 and receivable from compensation of Profit Guarantee reclassified from derivative financial assets stated in Note 21. Other receivables were neither past due nor impaired at the end of the reporting period. The receivable for the disposal of Pan Asia Group was pending to receive before the end of September 2014.

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**5,570**	2,593	**482**	–
Deposits	**7,660**	8,516	**–**	–
Other receivables	**25,377**	26,789	**177**	178
	38,607	37,898	**659**	178

23. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**56,947**	32,597	**98**	155
Time deposits	**10,560**	40,108	**54**	–
	67,507	72,705	**152**	155
Less: Pledged short-term time deposits for banking facilities	**(10,506)**	(10,022)	**–**	–
Cash and cash equivalents	**57,001**	62,683	**152**	155

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK$2,757,000 (2013: HK$5,799,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

At the end of the reporting period, the Group's banking facilities were secured by the pledge of certain of the Group's time deposits amounting to approximately HK$10,506,000 (2013: HK$10,022,000).

24. ASSETS CLASSIFIED AS HELD FOR SALE

The major classes of assets and liabilities of the management consulting services business classified as discontinued operation as at 31 March 2014 and 2013 are as follows:

	2014 **HK$'000**	2013 HK$'000
Assets		
Property, plant and equipment	–	22,892
Prepayments, deposits and other receivables	–	1,217
Cash and cash equivalents	–	354
Assets classified as discontinued operation	–	24,463
Liabilities		
Trade payables	–	52
Other payables and accrued liabilities	–	4,778
Tax payable	–	283
Loan from a director *(Note 27)*	–	10,650
Liabilities directly associated with the assets classified as discontinued operation	–	15,763
Net assets classified as discontinued operation	–	8,700

Note:

On 11 January 2013, the Company announced that the Group had entered into Agreement with the Shuyang Municipal Government to terminate the investment agreement relating to the waste treatment business and that the Group was in the cause of negotiating with an independent state-owned enterprise to utilize the facilities of the Municipal Waste Treatment Plant in Shuyang County, Jiangsu Province, the PRC.

On 18 March 2014, the Company announce that the Group and the said state-owned enterprise have agreed to terminate the negotiation.

As at 31 March 2014, the assets and liabilities of Shuyang ITAD Environmental Technology Limited were reclassified as assets and liabilities of the Group.

25. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	The Group	
	2014 **HK$'000**	2013 HK$'000
Within 30 days	**2,566**	1,490
31 to 60 days	**1,254**	842
61 to 90 days	**49**	45
Over 90 days	**293**	2,140
	4,162	4,517

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

26. OTHER PAYABLES AND ACCRUED LIABILITIES

Other payables of the Group and the Company are non-interest-bearing and have an average payment term of one month.

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other payables	**7,710**	9,174	**416**	373
Accrued liabilities *(Note)*	**24,872**	19,086	**624**	595
	32,582	28,260	**1,040**	968

Note: Accrued liabilities mainly represent the staff cost and benefit incurred in the Group.

27. LOAN FROM A DIRECTOR

As at 31 March 2014, the balance of approximately HK$9,591,000 is included in continuing operations (2013: the balance of approximately HK$10,650,000 is included in a discontinued operation) (Note 24). The loans are unsecured, interest-free and not repayable within the next twelve months except for a loan of approximately HK$2,015,000 (2013: 371,000) which is repayable within the next twelve months.

28. FINANCE LEASE PAYABLE

The Group leases certain of its plant and machinery for its business. These leases are classified as finance leases and have remaining lease terms for one (2013: two) year.

At 31 March 2014 and 2013, the total future minimum lease payments under finance leases and their present values are as follows:

The Group

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable:				
Within one year	**60**	60	**57**	52
In the second year	**–**	60	**–**	57
Total minimum finance lease payments	**60**	120	**57**	109
Future finance charges	**(3)**	(11)		
Total net finance lease payables	**57**	109		
Portion classified as Current liabilities	**(57)**	(52)		
Non-current portion	**–**	57		

29. PROVISION FOR LONG SERVICE PAYMENTS

		The Group	
		2014	2013
	Note	**HK$'000**	HK$'000
At the beginning of the year		**1,510**	1,531
Provision for long service payments, net	7	**973**	401
Amounts utilised during the year		**(193)**	(422)
At the end of the year		**2,290**	1,510

The Group provides for probable future long service payments expected to be made to employees under the Employment Ordinance, as further explained under the heading "Employee benefits" in Note 3 to the consolidated financial statements. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group at the end of the reporting period.

30. DEFERRED INCOME

	The Group	
	2014	2013
	HK$'000	HK$'000
Cost		
At 1 April	**7,539**	7,488
Exchange realignment	**142**	51
At 31 March	**7,681**	7,539
Accumulated amortisation		
At 1 April	**1,116**	647
Amortisation during the year	**474**	462
Exchange realignment	**20**	7
At 31 March	**1,610**	1,116
Net carrying amount	**6,071**	6,423

Deferred income represents unamortised government grants received from the PRC government for the purchase of property, plant and equipment for medical waste treatment during the year. There are no unfilled conditions or contingencies relating to these subsidies.

31. SHARE CAPITAL

	2014 HK$'000	2013 HK$'000
Authorised:		
2,000,000,000 ordinary shares of HK$0.01 each	**20,000**	20,000
Issued and fully paid:		
1,302,286,040 (2013: 1,302,286,040) ordinary shares of HK$0.01 each	**13,023**	13,023

A summary of the transactions during the year with reference to the below movements in the Company's issued ordinary share capital is as follow:

	Notes	Number of shares in issue	Issued capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Total HK$'000
At 1 April 2012		1,166,899,040	11,669	423,819	17,313	452,801
New shares issued for acquisition	(a), 34, 36	135,387,000	1,354	27,077	–	28,431
At 31 March 2013, 1 April 2013 and 31 March 2014		**1,302,286,040**	**13,023**	**450,896**	**17,313**	**481,232**

Notes:

(a) On 24 September 2012, 135,387,000 ordinary shares of HK$0.01 each of the Company were issued at a price of HK$0.2142 per share as part of the consideration for the Group's acquisition of the Pan Asia Group.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in Note 32 to the consolidated financial statements.

32. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme are the employees of the Group (including any executive director, non-executive director, independent non-executive director) or any consultant of the Group. The Share Option Scheme was adopted by the Company's shareholders on 24 April 2003 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Share Option Scheme expired on 23 April 2013.

The maximum number of shares which may be issued upon exercise of all options granted/to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the date of listing of the Company's shares on the Stock Exchange, unless approval for refreshing the 10% limit from the Company's shareholders has been obtained. Unless approved by the Company's shareholders, the maximum number of shares issuable upon exercise of share options granted to each eligible participant in the Share Option Scheme in any 12-month period is limited to 1% of the shares of the Company in issue. Any further grant of share options in excess of this limit in the 12-month period up to and including the date of such further grant is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive directors of the Company (excluding independent non-executive director who is the grantee of the options). In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5,000,000, is subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted by a participant within 30 days from the date upon which the offer letter is delivered to that participant, upon payment of a nominal consideration of HK$10 in total by the participant. The exercise period of the share options granted is determined by the Directors, save that such period shall not be more than 10 years from the date of the offer of the share options, subject to the provisions for early termination as set out in the Share Option Scheme. Unless otherwise determined by the Directors of the Company at their absolute discretion, there is no requirement of a minimum period for which an option must be held before an option can be exercised. In addition, there is no performance target which must be achieved before any of the options can be exercised.

32. SHARE OPTION SCHEME (continued)

The exercise price of the share options is determined by the Directors, but must not be less than the highest of (i) the closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheet on the date of the offer of the share options; (ii) the average closing price of a share of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the offer, and (iii) the nominal value of a share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Share Option Scheme during the year:

	2014		2013	
	Weighted average exercise price HK$ per share	**Number of options '000**	Weighted average exercise price HK$ per share	Number of options '000
At the beginning and the end of the year	**0.275**	**19,000**	0.275	19,000

The exercise prices and exercise periods of the share options outstanding at the end of the reporting period are as follows:

Year ended	**Number of options '000**	**Exercise price* HK$ per share**	**Exercise period**
2014	**19,000**	**0.275**	**22/4/05 – 21/4/15**
2013	19,000	0.275	22/4/05 – 21/4/15

* The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

No share option expense was recognised by the Group (2013: Nil) during the year ended 31 March 2014.

At the end of the reporting period, the Company had 19,000,000 share options outstanding under the Share Option Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issuance of 19,000,000 additional ordinary shares of the Company and additional share capital of HK$190,000 and share premium of HK$5,035,000 (before issue expenses).

At the date of approval of these consolidated financial statements, the Company had 19,000,000 share options outstanding under the Share Option Scheme, which represented approximately 1.46% of the Company's shares in issue as at that date.

33. 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 of the consolidated financial statements.

The Group's contributed surplus represents the excess of the nominal value of the shares 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.

33. RESERVES (continued)

(a) The Group (continued)

The Group's merger reserve arose from the business combination under common control in respect of the acquisition of Peixin Group Limited in the year ended 31 March 2009.

(b) The Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Equity component of convertible notes HK$'000	Share option reserve HK$'000	Warrant reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2012	423,819	254	–	17,313	765	59,511	(265,717)	235,945
Issue of shares *(Note 31)*	27,077	–	–	–	–	–	–	27,077
Total comprehensive loss for the year	–	–	–	–	–	–	(48,432)	(48,432)
Release of warrants	–	–	–	–	(765)	–	765	–
At 31 March 2013 and 1 April 2013	450,896	254	–	17,313	–	59,511	(313,384)	214,590
Total comprehensive loss for the year	–	–	–	–	–	–	(104,313)	(104,313)
At 31 March 2014	**450,896**	**254**	**–**	**17,313**	**–**	**59,511**	**(417,697)**	**110,277**

The Company's contributed surplus represents the excess of the fair value of the shares 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. Under the Companies Law (2002 Revision) of the Cayman Islands, a company may make distributions to its members out of the contributed surplus in certain circumstances.

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in Note 3 to the consolidated financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to accumulated losses should the related options expire or be forfeited.

34. ACQUISITION OF SUBSIDIARIES

On 24 September 2012, the Group completed the acquisition of 100% equity interest of PAC Holdings and shareholders' loan of HK$22,140,000 at a consideration of HK$41,000,000.

PAC Holdings was incorporated on 23 April 2012 in the British Virgin Islands with limited liability, whose principal business is investment holding. PAC Holdings owns the entire issued share capital of Pan Asia Century Investments Limited which holds 51% of the entire equity interest in GoalReal. GoalReal is principally engaged in (i) investment management and consulting services, (ii) management solutions for hospitals, and (iii) sales of medical equipment.

The total consideration of HK$41,000,000 was satisfied in the following manner:

(a) HK$12,000,000 paid in cash; and

(b) HK$29,000,000 settled as follows:

   (i) HK$28,999,895.40 settled by the allotment and issue of 135,387,000 consideration shares at HK$0.2142 per share; and

   (ii) the balance to be paid in cash.

The total consideration is subject to adjustment if the actual net profit of the Pan Asia Group for the 12-month period commencing from the completion date falls below HK$10,000,000, in which case Pan Asia Century Consulting Limited shall pay to the Group an amount calculated as: (HK$10,000,000 – actual net profit) x 51%. The fair value of such consideration adjustment was Nil as at acquisition date.

The carrying amount and fair value of the net assets acquired and the goodwill arising from the acquisition of the Pan Asia Group are as follows:

	HK$'000
Property, plant and equipment	1,327
Trade receivables	7,486
Prepayments, deposits and other receivables	15,971
Cash and cash equivalents	21,674
Other payables and accrued liabilities	(12,163)
	34,295
Less: Non-controlling interest*	(16,824)
	17,471
Goodwill arising on acquisition *(Note 16)***	22,960
Consideration	40,431

34. ACQUISITION OF SUBSIDIARIES (continued)

None of the goodwill arising on the acquisition is expected to be deductible for tax purpose.

	HK$'000
Satisfied by:	
Cash	**12,000**
New ordinary share issued***	**28,431**
	40,431

Note:

* The non-controlling interest in GoalReal recognised at the completion date was measured by reference to the proportionate share of GoalReal's identifiable net assets and amount to approximately HK$16,824,000.

** Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire the Pan Asia Group. In addition, the consideration paid for the combination included amounts in relation to the revenue growth and future economic benefits arising from them which cannot be measured reliably.

*** The fair value of the new ordinary shares issued was based on the quoted closing price of the Company's share of HK$0.21 at the date of acquisition and 135,387,000 shares.

Net cash inflow on acquisition of the Pan Asia Group is as follow:

	HK$'000
Cash and cash equivalents	**21,674**
Less: Consideration paid in cash	**(12,000)**
	9,674

Pan Asia Group had revenue and profit of approximately HK$4,336,000 and HK$652,000, respectively, for the year ended 31 March 2013. Had the acquisition of Pan Asia Group been effected at 1 April 2012, revenue and loss of approximately HK$4,336,000 and HK$86,000 would have been included in the consolidated statement of comprehensive income. The Directors consider these pro forma information represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

35. DISPOSAL OF SUBSIDIARIES

As explained in Note 3, on 28 March 2014, the Group entered into an agreement to dispose of the entire issued share capital of PAC Holdings and the full amount of the interest-free shareholder's loan owed by PAC Holdings to the Group. PAC Holdings and its subsidiaries carried out the management consulting services business of the Group. The disposal was completed on 28 March 2014 immediately after execution of the agreement, on which date the Group ceased to hold any issued share capital of PAC Holdings.

Total consideration satisfied by:

	HK$'000
Cash consideration	29,000

The carrying amount and fair value of the net assets disposed of are as follows:

	HK$'000
Property, plant and equipment	652
Goodwill	13,000
Trade receivables	5,708
Prepayments, deposits and other receivables	35,583
Cash and cash equivalents	6,751
Trade payables	(2,014)
Other payables and accrued liabilities	(5,626)
Tax payable	(3,447)
Net assets disposed of	50,607

Loss on disposal of subsidiaries

	HK$'000
Consideration received	29,000
Net assets disposed of	(50,607)
Release of exchange fluctuation reserve	565
Non-controlling interest	15,592
Loss on disposal of subsidiaries *(Note 13)*	(5,450)

Net cash inflow on disposal of subsidiaries

	HK$'000
Cash consideration received *(Note)*	12,000
Less: Cash and cash equivalent disposed of	(6,751)
	5,249

Note:

For the cash consideration of HK$29,000,000 on the disposal of subsidiaries, the Group has received approximately HK$12,000,000 during the year and approximately HK$17,000,000 was receivable as at 31 March 2014 and pending to receive before end of September 2014. For the year ended 31 March 2014, the net cash inflow from disposal of the subsidiaries was approximately HK$5,249,000.

36. NON-CASH TRANSACTIONS

During the year ended 31 March 2013, the Group acquired 100% equity interest of Pan Asia Group at a consideration of HK$41,000,000 with HK$28,999,895.40 settled by allotment and issuance of 135,387,000 ordinary shares at HK$0.2142 per share.

37. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had contingent liabilities as follows:

(a) The Group has executed performance guarantees to the extent of an aggregate amount of HK$4,914,000 (2013: HK$4,838,000) in respect of certain services provided to various customers by the Group.

(b) The Group had a contingent liability in respect of possible future long service payments to employees under the Employment Ordinance, with a maximum possible amount of approximately HK$4,227,000 as at 31 March 2014 (2013: HK$2,830,000), as further explained under the heading "Employee benefits" in Note 3 to the consolidated financial statements. The contingent liability has arisen because, at the end of the reporting period, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision of approximately HK$2,290,000 (2013: HK$1,510,000) in respect of such payments has been made in the consolidated statement of financial position as at 31 March 2014.

(c) During the ordinary course of its business, the Group may from time to time be involved in litigation concerning personal injuries sustained by its employees or third party claimants. The Group maintains insurance cover and, in the opinion of the Directors, based on current evidence, any such existing claims should be adequately covered by the insurance as at 31 March 2014 and 2013.

38. OPERATING LEASE ARRANGEMENTS

The Group leases its office properties and staff quarters under operating lease arrangements, which are negotiated for terms ranging from one to five years.

At 31 March 2014 and 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**733**	1,219
In the second to fifth years, inclusive	**351**	980
	1,084	2,199

39. COMMITMENTS

In addition to the operating lease commitments detailed in Note 38 above, the Group had the following capital expenditure commitments at the end of the reporting period:

	The Group	
	2014	2013
	HK$'000	HK$'000
Contracted, but not provided for:		
Property, plant and equipment	**–**	102

40. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with related companies, of which certain directors are also directors of the Company, during the year. Certain related companies are owned by a discretionary trust of which the beneficiaries include the family members of Dr. Lo Kou Hong and certain related companies owned by Xinhua News Agency Asia-Pacific Regional Bureau.

		The Group	
		2014	2013
	Note	**HK$'000**	HK$'000
Management fee income from a related company	(i)	**60**	60
Interest income from an associate	(ii)	**34**	51
Rental expenses to related companies	(iii)	**–**	872
Management fee to related companies	(iv)	**–**	118

Notes:

(i) The management fee income from the provision of accounting and administrative services and the sharing of office space and facilities with the Group was received in a lump sum annually with reference to the actual costs incurred.

(ii) The interest received from an associate was charged at an interest rate of 5% per annum on the outstanding amount due from an associate.

(iii) The rental was paid to related companies on a mutually agreed basis.

(iv) The building management fee was paid to related companies on a mutually agreed basis.

(b) Outstanding balance with related parties:

Details of the Group's amount due from an associate and loan from a director as at the end of the reporting period are disclosed in Notes 20 and 27 to the consolidated financial statements, respectively.

(c) Compensation of key management personnel of the Group:

	The Group	
	2014	2013
	HK$'000	HK$'000
Short-term employee benefits	**2,313**	1,050
Post-employment benefits	**60**	36
Total compensation paid to key management personnel	**2,373**	1,086

Further details of directors' emoluments are included in Note 9 to the consolidated financial statements.

The related party transactions in respect of items (a)(iii) and (a)(iv) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Financial assets		
Loans and receivables		
Amount due from an associate	**240**	1,265
Trade receivables	**33,488**	39,258
Financial assets included in prepayments, deposits and other receivables	**31,876**	34,232
Pledged time deposits	**10,506**	10,022
Cash and cash equivalents	**57,001**	62,683
Derivative financial assets	**–**	2,006
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables	**4,162**	4,517
Financial liabilities included in other payables and accrued liabilities	**12,587**	5,989
Finance lease payable	**57**	109
Loan from a director	**9,591**	–

	The Company	
	2014	2013
	HK$'000	HK$'000
Financial assets		
Loans and receivables		
Amounts due from subsidiaries	**124,588**	130,055
Cash and cash equivalents	**152**	155
Financial liabilities		
Financial liabilities at amortised cost		
Financial liabilities included in other payables and accrued liabilities	**1,040**	968

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing such risks and they are summarised below.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's interest-bearing financial instruments are mainly cash and short-term deposits.

As at the end of the reporting period, the Group's exposure to interest rate risk is considered to be relatively small as the Group's financial instruments predominately were non-interest-bearing or carried at minimal interest rates.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group has no specific policy to deal with foreign currency risk. However, management monitors the exposure and will consider hedging the foreign currency risk exposure for significant cash flow risks should the need arise. As at the end of the reporting period, the Group's exposure to foreign currency risk is minimal as all transactions are denominated in the operating units' functional currency.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged time deposits, an amount due from an associate and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer. At the end of the reporting period, the Group has certain concentrations of credit risk as 26% and 65% of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively, within the cleaning and related services segment.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in Note 22 to the consolidated financial statements.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's policy is to regularly monitor its current and expected liquidity levels to ensure that it maintains sufficient reserves of cash for its daily operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

The Group

	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
2014					
Trade payables	**–**	**4,162**	**–**	**–**	**4,162**
Financial liabilities included in other payables and accrued liabilities	**12,587**	**–**	**–**	**–**	**12,587**
Finance lease payable	**–**	**14**	**46**	**–**	**60**
Loan from a director	**–**	**504**	**1,511**	**7,576**	**9,591**
	12,587	**4,680**	**1,557**	**7,576**	**26,400**
2013					
Trade payables	–	4,517	–	–	4,517
Financial liabilities included in other payables and accrued liabilities	5,989	–	–	–	5,989
Finance lease payable	–	15	45	60	120
	5,989	4,532	45	60	10,626

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The Company

	On demand HK$'000
2014	
Financial liabilities included in other payables and accrued liabilities	**1,040**
2013	
Financial liabilities included in other payables and accrued liabilities	**968**

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2014 and 2013.

The Group monitors capital using a current ratio, which is current assets excludes the discontinued operation divided by the current liabilities. The Group's policy is to maintain net positive current assets and a current ratio greater than one as shown as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Current assets	**139,984**	153,283
Current liabilities	**(39,136)**	(33,048)
Net current assets	**100,848**	120,235
Current ratio	**3.6**	4.6

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value of financial instruments

The directors consider that the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements that are not measured at fair value on a recurring basis approximate their fair values.

The Group

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
2013				
Financial assets				
Derivative financial assets	–	–	**2,006**	**2,006**

Reconciliation of Level 3 fair value measurements of financial assets in year ended 31 March 2014

	Consideration adjustment arise from acquisition of subsidiaries HK$'000
Opening balance	2,006
Gains or losses recognised in profit or loss	4,932
Reclassify to other receivable	(6,938)
Closing balance	–

Reconciliation of Level 3 fair value measurements of financial assets in year ended 31 March 2013

	Consideration adjustment arise from acquisition of subsidiaries HK$'000
Opening balance	–
Gains or losses recognised in profit or loss	2,006
Closing balance	**2,006**

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value of financial instruments (continued)

The gains or losses included in the consolidated statement of comprehensive income for the year ended 31 March 2013 related to the recognition of consideration adjustment arise from the acquisition of Pan Asia Group during the year.

The Company does not have any financial asset and financial liability which is measured at fair value as at 31 March 2014 and 2013.

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

43. COMPARATIVE AMOUNTS

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

44. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 June 2014.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

	2014 HK$'000	2013 HK$'000 (Restated)	2012 HK$'000 (Restated)	2011 HK$'000 (Restated)	2010 HK$'000 (Restated)
CONTINUING OPERATIONS					
REVENUE	**227,544**	201,167	193,594	177,314	176,926
LOSS BEFORE TAX	**(52,480)**	(56,747)	(113,869)	(63,122)	(22,887)
INCOME TAX EXPENSE	**(38)**	–	–	(283)	–
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	**(52,518)**	(56,747)	(113,869)	(63,405)	(22,887)
DISCONTINUED OPERATION					
(LOSS)/PROFIT FOR THE YEAR FROM DISCONTINUED OPERATION	**(20,324)**	652	–	–	–
LOSS FOR THE YEAR	**(72,842)**	(56,095)	(113,869)	(63,405)	(22,887)
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY	**(70,588)**	(56,569)	(90,040)	(51,809)	(17,976)
NON-CONTROLLING INTERESTS	**(2,254)**	474	(23,829)	(11,596)	(4,911)
	(72,842)	(56,095)	(113,869)	(63,405)	(22,887)
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**228,196**	317,769	319,330	242,131	204,385
TOTAL LIABILITIES	**(55,073)**	(56,801)	(48,193)	(42,484)	(25,946)
NON-CONTROLLING INTERESTS	**3,387**	(14,015)	3,632	(19,042)	(28,922)
	176,510	246,953	274,769	180,605	149,517