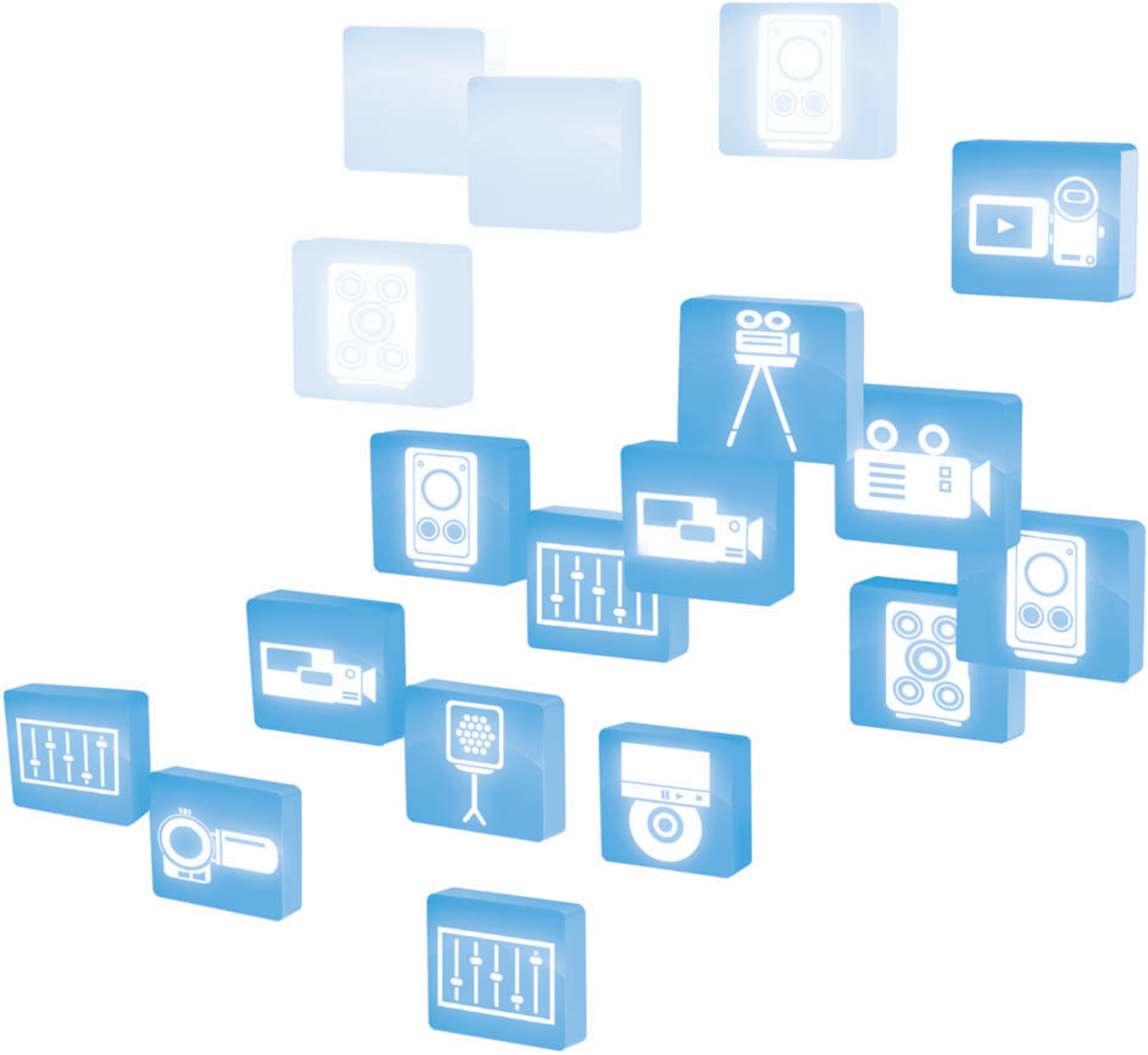
CNCG

CHINA NATIONAL CULTURE GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 745)

ANNUAL REPORT 2014



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Corporate Information

HONORARY CHAIRMAN
Mr. Xue Qi Liang

HONORARY CONSULTANT
Mr. Wan Boao

DIRECTORS
Executive Directors
Mr. Tan Bondy
Ms. Sun Wei
Ms. Shen Lihong

Independent Non-Executive Directors
Mr. Liu Kwong Sang
Dr. Wan Ho Yuen Terence
Ms. Wang Miaojun
Mr. Ma Qianli

AUDIT COMMITTEE
Mr. Liu Kwong Sang *(Chairman)*
Dr. Wan Ho Yuen Terence
Ms. Wang Miaojun

REMUNERATION COMMITTEE
Mr. Liu Kwong Sang *(Chairman)*
Ms. Wang Miaojun
Mr. Ma Qianli

NOMINATION COMMITTEE
Ms. Wang Miaojun *(Chairman)*
Mr. Liu Kwong Sang
Mr. Tan Bondy

COMPANY SECRETARY
Mr. Li Wing Sum Steven

AUDITORS
Elite Partners CPA Limited

REGISTERED OFFICE
Cricket Square, Hutchins Drive P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
Room 901, Silver Fortune Plaza
1 Wellington Street
Central, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

ORDINARY SHARE LISTING
Main Board of The Stock Exchange of Hong Kong Limited
(Stock code: 745)

Director's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board" or the "Directors") of China National Culture Group Limited (the "Company"), I present the annual results of the Company and its subsidiaries (collectively referred to the "Group") for the year ended 31 March 2014.

To reflect the Company's strategy to diversify its business, the Board proposed to change the name of the Company from "China Railsmedia Corporation Limited 中國鐵聯傳媒有限公司*" to "China National Culture Group Limited 中國國家文化產業集團有限公司" The Board believes that the proposed change of the company name will provide the Company with a new corporate identity and will benefit the Company's future business development and it is in the interest of the Company and its shareholders as a whole. The proposed change of the company name was approved by the Company's shareholders in the extraordinary general meeting held on 19 March 2014.

CURRENT YEAR REVIEW

The principal activities of building construction, renovation and related services rendered in Hong Kong and in the Peoples' Republic of China (the "PRC") had been completely discontinued during the year and turnover for the year was mainly derived from the advertising segment.

During the year, the Group has disposed a number of its building construction and renovation business with a view to focus on its existing mobile application business and diversifying into the new cultural and entertainment business.

On 18 December 2013, the Group entered into a cooperative agreement with Fragrant River Entertainment Investment Limited, a wholly owned subsidiary of Universe International Holdings Limited, for business development of imported films and TV contents. However, due to pre-requisite conditions could not be satisfied, the cooperation framework agreement was finally terminated. On 27 March 2014, the Group has entered into an agreement and conditionally agreed to acquire a business for the diversification into the film importation, distribution, production and related business and media industry, also into development, operation and consultancy services in respect of the operation of film studio complex together with its ancillary services and properties. If the acquisition is completed, it is expected to bring positive contributions to the Group in the long run.

PROSPECT

The Group will continue its existing mobile application business and plans to focus further on its new potential business, including new media market, advertising and film related business, such as film importation, distribution, production, and in development and operation of film studio complex together with its ancillary services.

In coming partnership with China National Culture & Art Co. Ltd (中國文化藝術有限公司) and i-Marker Culture & Media Investments Limited, the Group plans to import and distribute foreign films in China.

In order to ensure the immediate ability to execute the importation and distribution of foreign films, the Group has set up a professional team to operate in film importation, distribution, and marketing as well as arranging potential cooperative partnerships with many cinema circuits to ensure our import films get timely, effective, and favourable cinema showing schedules so as to maximize their box office revenue.

* *For identification purpose only*

Director's Statement

By uniting concerted effort of staff, it is believed that the Group can optimize management efficiency and leverage in its unique strength.

Going forward, the Group will look for more potential investment opportunities to diversity its business scope.

APPRECIATION

I would like to take this opportunity to express my gratitude to our shareholders, business partners, directors and our dedicated staff for their continuing support and confidence in the Group.

Shen Lihong
Director

Hong Kong, 27 June 2014

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 March 2014, the Group recorded a turnover of approximately HK$2,951,000 (2013: HK$6,677,000), representing a drop of 55.80% as compared with last year. Gross profit decreased to approximately HK$303,000 (2013: HK$811,000) or a decrease in profit margin from 12.15% to 10.27% over the last year. The decreases in turnover and gross profit in the current year were mainly due to unsatisfactory paid subscribers growth and decrease in customers of high profit margin respectively.

Loss attributable to the owners of the Company amounted to HK$203,701,000 (2013: HK$89,881,000) and loss per share for the year was HK5.51 cents (2013: HK1.01 cents). The significant increase in loss attributable to the owners of the Company as compared with last year was mainly due to several reasons. In addition to the decrease in turnover mentioned above, there were one-off gains in 2013 on early extinguishment of promissory notes amounted to HK$29,041,000 accounted for as other income and on disposal of subsidiaries amounted to HK$25,930,000. Due to unexpected adverse operating conditions of the food and beverage sector, goodwill on advertising at mobile devices and retail chain network has a significant provision of impairment loss amounted to HK$160,247,000 (2013: HK$92,651,000) for the year. On the contrary, there was an impairment loss in respect of available-for-sale financial assets in 2013 amounted to HK$26,375,000 (2014: nil). Moreover, finance costs increased to approximately HK$26,418,000 (2013: HK$17,793,000) mainly due to increase in imputed interest expense arising from promissory notes.

ADVERTISING BUSINESS

The turnover for the year was derived entirely from the advertising segment. Due to very challenging business environment, business of this segment has been slowed down as the food and beverage sector was suffered from keen competition and significant increases in operating costs like rental and wages. As a result, merchants have imposed severe cost control on budget of advertising which tremendously affecting the growth of paid subscribers of this segment.

FINANCIAL REVIEW

As at the end of the year, non-current assets decreased to HK$410,796,000 (2013: HK$571,249,000) due to impairment loss in respect of goodwill on advertising at mobile devices and retail chain network. Current assets decreased as a result of decrease in prepayments, deposits and other receivables. Loans from shareholders amounted to HK$20,727,000 included in non-current liabilities have been reallocated to "Other loan" following change in shareholding during the year. Promissory notes accounted for under non-current liabilities increased due to imputed interest expense.

Capital structure

The Company has completed a placing of new ordinary shares with net proceeds amounted to approximately HK$29,000,000 for the purposes of debts repayment and working capital. Non-voting convertible preference shares amounted to HK$144,620,000 have been converted into ordinary shares during the year.

Management Discussion and Analysis

Liquidity and financing

There were no bank borrowings as at 31 March 2014 (2013: nil). The Group's cash and bank deposits were approximately HK$2,183,000 (2013: HK$2,501,000).

The Group's gearing ratio, calculated by aggregate of amounts of other loan, loans from shareholders and promissory notes over total assets increased to 51.63% (2013: 36.52%).

Treasury policies

Cash and bank deposits of the Group are mainly in Hong Kong dollars and Renminbi. The Group conducts its core business transactions mainly in Hong Kong dollars and Renminbi such that the Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure is insignificant.

Pledge of assets

As at 31 March 2014, no asset of the Group was being pledged as there is no external financing (2013: nil).

Employee information

As at 31 March 2014, the Group had 18 (2013: 17) employees whom are employed in Hong Kong and Mainland China. They are remunerated at market level with benefits such as medical, retirement benefit and share option scheme.

Report of the Directors

The directors present their annual report and the audited financial statements of the Company and the Group for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 22 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss 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 22 to 89.

The directors do not recommend the payment of a dividend (2013: Nil).

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 90 of the annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 18 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in notes 32 and 33 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Law (as revised) of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 35 to the financial statements and in the consolidated statement of changes in equity, respectively.

Report of the Directors

DISTRIBUTABLE RESERVES

At 31 March 2014, the Company had no reserves available for distribution under the provisions of the Companies Law (as revised) of the Cayman Islands (2013: HK$ nil).

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's 5 largest customers accounted for 29.21% (2013: 41.76%) of the total sales for the year and sales to the largest customer included therein amounted to 8.26% (2013: 14.02%). The aggregate purchases during the year attributable to the Group's 5 largest suppliers accounted for 35.12% (2013: 30.82%) of the Group's total purchases for the year and the purchase from the largest supplier included therein amounted to 9.17% (2013: 11.56%).

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

DIRECTORS

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

Executive directors:

Mr. Tan Bondy (appointed on 17 January 2014)
Ms. Sun Wei (appointed on 26 February 2014)
Ms. Shen Lihong (appointed on 9 May 2014)
Mr. Tsui Wing Tak (appointed on 17 January 2014 and resigned on 9 May 2014)
Mr. Hui Chi Yung (resigned on 5 February 2014)
Ms. Yih Chuen Yung, Grace (resigned on 29 January 2014)

Independent non-executive directors:

Mr. Liu Kwong Sang
Dr. Wan Ho Yuen Terence (appointed on 17 January 2014)
Ms. Wang Miaojun (appointed on 5 February 2014)
Mr. Ma Qianli (appointed on 26 February 2014)
Mr. Sit Hing Wah (resigned on 26 February 2014)
Dr. Hu Chung Kuen, David (resigned on 17 January 2014)

In accordance with articles 87(1) and 87(2) of the Company's articles of association and the provisions of the Listing Rules, Mr. Liu Kwong Sang will retire by rotation and being eligible, has agreed to offer himself for re-election at the forthcoming annual general meeting.

In accordance with article 86(3) of the Company's articles of association and the provisions of the Listing Rules, Mr. Tan Bondy, Ms. Sun Wei, Ms. Shen Lihong, Dr. Wan Ho Yuen Terence, Ms. Wang Miaojun and Mr. Ma Qianli will hold office until the forthcoming annual general meeting and being eligible, have agreed to offer themselves for re-election.

Report of the Directors

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 18 to 19 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No director 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' INTERESTS IN CONTRACTS

Save as disclosed in note 39 to the financial statements, no director had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2014, none of the directors or chief executive had any interests or short positions in the share, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register kept by the Company pursuant to Section 352 of the SFO, or interests or short positions which fall to be disclosed to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share option scheme of the Company, at no time during the year were there any 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

Particulars of the share option scheme of the Company are disclosed in note 34 to the financial statements. Since adoption of the share option scheme, no share option has been granted.

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

At 31 March 2014, the interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests in the shares and underlying shares of the Company, as required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Name of shareholder	Capacity	Long position in ordinary shares	Long position in underlying shares	Long position in ordinary shares and underlying shares to the total ordinary share capital in issue
Huge Leader Holdings Limited *(note 1)*	Beneficial owner	613,000,000	3,611,200,000	80.03%
Mr. Xiao Baoyan *(note 1)*	Corporate interest	613,000,000	3,611,200,000	80.03%
Ms. Chan Ka Wai *(note 1)*	Corporate interest	613,000,000	3,611,200,000	80.03%
Galaxy Wide Group Limited *(note 2)*	Beneficial owner	333,000,000		6.31%
Mr. Zhang Pan *(note 2)*	Corporate interest	333,000,000		6.31%

Notes:

1. Huge Leader Holdings Limited is owned as to 60% by Mr. Xiao Baoyan and 40% by Ms. Chan Ka Wai. The interest in underlying shares represents non-voting convertible preference shares of HK$0.07 each.

2. Galaxy Wide Group Limited is wholly owned by Mr. Zhang Pan.

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

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

Report of the Directors

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 41 to the consolidated financial statements.

AUDITORS

The financial statements of the Group for the year ended 31 March 2012 were audited by HLB Hodgson Impey Cheng ("HLB"). In March 2012, the practice of HLB was reorganised as HLB Hodgson Impey Cheung Limited ("HLB Ltd.") which audited the financial statements of the Group for the year ended 31 March 2013. HLB Ltd. resigned as auditors of the Group with effect from 7 March 2014 and Elite Partners CPA Limited ("Elite") was appointed on the same day as the new auditors to fill the causal vacancy.

The financial statements of the Group for the year ended 31 March 2014 were audited by Elite whose term of office will be expired upon the forthcoming annual general meeting. A resolution for the re-appointment of Elite as the auditors of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Shen Lihong
Director

Hong Kong, 27 June 2014

Corporate Governance Report

Save as disclosed below, the Company has complied with all the code provisions in the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 March 2014.

THE BOARD OF DIRECTORS

The overall management of the Company's business is vested in the Board of Directors (the "Board"), which assumes the responsibility for leadership and control of the Company and is collectively responsible for promotion the success of the Company by directing and supervising its affairs. All directors should take decisions objectively in the interests of the Company.

The Board takes the responsibility for all major matters of the Company including: the approval and monitoring of all policy matters, overall strategies, internal control and risk management systems, appointment and retirement of directors and other significant financial and operational matters.

The executive directors are responsible for overseeing the day-to-day management of the Company's operations and implementation of the strategies set by the Board.

The composition of the Board ensures a balance of skills and experience appropriate to the requirements of the business of the Company and to the exercising of independent judgement. The Board currently comprises seven directors, including three executive directors and four independent non-executive directors. The names and biographical details of each director are disclosed on pages 18 to 19 of this Annual Report. There is no relationship (including financial, business, family or other material relationship) among the members of the Board.

Following the resignation of Mr. Hui Chi Yung on 5 February 2014, the Company has not appointed a Chairman and thus there has been no segregation of duties for a very short period during the year.

During the year, the Board at all times met the requirements of the Listing Rules in relation to the appointment of at least 3 independent non-executive directors with at least 1 independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company confirms that it has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the independent non-executive directors are independent.

One of the independent non-executive directors, Mr. Liu Kwong Sang, is appointed for a term of one year expiring on 1 September 2014. The other three independent non-executive directors are appointed during the year ended 31 March 2014 for no fixed terms and shall hold office only until the next general meeting. Each of the independent non-executive directors are subject to retirement by rotation or re-election in accordance with the Company's Articles of Association. Regular Board meetings are held for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

Corporate Governance Report

During the year, twenty-three Board meetings were held and the attendance of individual directors was as follows:

Name of directors	Attendance
Mr. Tan Bondy (appointed on 17 January 2014)	3/6
Ms. Sun Wei (appointed on 26 February 2014)	0/0
Mr. Tsui Wing Tak (appointed on 17 January 2014 and resigned on 9 May 2014)	6/6
Mr. Hui Chi Yung (resigned on 5 February 2014)	20/20
Ms. Yih Chuen Yung, Grace (resigned on 29 January 2014)	17/19
Mr. Liu Kwong Sang	8/23
Dr. Wan Ho Yuen Terence (appointed on 17 January 2014)	2/6
Ms. Wang Miaojun (appointed on 5 February 2014)	0/2
Mr. Ma Qianli (appointed on 26 February 2014)	0/0
Mr. Sit Hing Wah (resigned on 26 February 2014)	1/22
Dr. Hu Chung Kuen, David (resigned on 17 January 2014)	3/16

BOARD COMMITTEES

In order to strengthen the functions of the Board and to oversee particular aspects of the Company's affairs, three committees have been established, namely, the Remuneration Committee, the Audit Committee and the Nomination Committee. These committees are established with defined written terms of reference.

Remuneration Committee

The Board has established a Remuneration Committee. As at the date of this report, the Remuneration Committee comprises three independent non-executive directors, namely, Mr. Liu Kwong Sang, Ms. Wang Miaojun and Mr. Ma Qianli. Mr. Liu Kwong Sang is the Chairman of the Remuneration Committee. The primary objective for setting up the Remuneration Committee is to comply with the Code Provision as set out in the CG Code. Its responsibilities are to review and consider the Company's policy for remuneration of directors and senior management, to recommend to the Board the remuneration packages of executive directors, non-executive director and the senior management.

The Remuneration Committee held one meeting during the year. Details of individual attendance of its members are set out below:

Name of members	Attendance
Mr. Liu Kwong Sang	1/1
Ms. Wang Miaojun (appointed on 5 February 2014)	0/0
Mr. Ma Qianli (appointed on 26 February 2014)	0/0
Mr. Hui Chi Yung (resigned on 5 February 2014)	1/1
Mr. Sit Hing Wah (resigned on 26 February 2014)	0/1
Dr. Hu Chung Kuen, David (resigned on 17 January 2014)	1/1

During the year, the remuneration committee had reviewed and considered, inter alia, the remuneration policy of the Company and the remuneration of the directors and senior management.

Audit Committee

The Audit Committee comprised three independent non-executive directors as at the date of this report. Mr. Liu Kwong Sang is the Chairman of the Audit Committee. The primary duties of the Audit Committee are: to independent review and supervise the financial reporting process and internal control systems, to ensure good communications among Directors and the Company's auditors, to recommend the appointment of external auditors on an annual basis and approval of the audit fees, to assist the Board in oversight of the independence, qualifications, performance and compensation of the independent accountant, to review interim and annual results announcements as well as the financial statements prior to their approval by the Board, to provide advice on audit report, accounting policies and comments to all Directors.

The Audit Committee held two meetings during the year. Details of individual attendance of its members are set out below:

Name of members	Attendance
Mr. Liu Kwong Sang	2/2
Dr. Wan Ho Yuen Terence (appointed on 17 January 2014)	0/0
Ms. Wang Miaojun (appointed on 26 February 2014)	0/0
Mr. Sit Hing Wah (resigned on 26 February 2014)	1/2
Dr. Hu Chung Kuen, David (resigned on 17 January 2014)	1/2

During the year, the audit committee had reviewed and considered, inter alia, the annual results for the year ended 31 March 2014 and the interim results for the six months ended 30 September 2013.

Nomination Committee

The Company has established the Nomination Committee and adopted written terms of reference in April 2012, and currently consists of three members, including Ms. Wang Miaojun (Chairman), Mr. Liu Kwong Sang and Mr. Tan Bondy, a majority of whom are independent non-executive Directors.

The principal duties of the Nomination Committee include, among other things, (i) to review the structure, size and composition of the board at least annually; (ii) to make recommendations to the Board on the appointment and re – appointment of directors of the Company; and (iii) to assess the independence of independent non-executive Directors of the Company.

During the year, one meeting of Nomination Committee was held with attendance of individual member is as follows:

Name of members	Attendance
Ms. Wang Miaojun (appointed on 5 February 2014)	0/0
Mr. Liu Kwong Sang	1/1
Mr. Tan Bondy (appointed on 5 February 2014)	0/0
Mr. Hui Chi Yung (resigned on 5 February 2014)	1/1
Mr. Sit Hing Wah (resigned no 26 February 2014)	0/1
Dr. Hu Chung Kuen, David (resigned on 17 January 2014)	0/0

NOMINATION OF DIRECTORS

The Nomination Committee is responsible for the formulation of nomination policies, making recommendations to shareholders on directors standing for re-election, providing sufficient biographical details of directors to enable shareholders to make an informed decision and the re-election, and where necessary, nominating appropriate persons to fill casual vacancies or as additions to the Board. The Nomination Committee from time to time reviews the composition of the Board with particular regard to ensuring that there is an appropriate number of directors on the Board independent of management. He also identified and nominates qualified individuals for appointment as new directors of the Company.

New directors of the Company will be appointed by the Board. The Nomination Committee will take into consideration criteria such as expertise, experience, integrity and commitment when considering new director appointments.

DIRECTORS' TRAINING

As part of an ongoing process of directors' training, the directors are updated with the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance of the same by all directors. All directors are encouraged to attend external forum or training courses on relevant topics which may count towards continuous professional development training.

Pursuant of code provision A.6.5 of CG Code and Report, which has come to into effect from 1 April 2012, all directors should participate in continuous professional development ("CPD") to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, some directors have participated in appropriate continuous professional development activities by attending training course on the topics related to corporate governance and regulations or by reading materials relevant to the Company's business or to their duties and responsibilities.

As part of the continuous professional development programs, directors participated in the various briefings and visits to local management and Company's facilities, as arranged and funded by the Company with appropriate emphasis on the roles, functions and duties of the directors. This is in addition to directors' attendance at meetings and review of papers and circulars sent by management. The participation by individual directors in the program during the year was recorded in the table below:

	Type of CPD programmes
EXECUTIVE DIRECTORS	
Mr. Tan Bondy	B
Ms. Sun Wei	B
Ms. Shen Lihong	B
INDEPENDENT NON-EXECUTIVE DIRECTORS	
Mr. Liu Kwong Sang	A, B
Dr. Wan Ho Yuen Terence	B
Ms. Wang Miaojun	B
Mr. Ma Qianli	B

Notes:

A: attending seminars/forums/workshops/conferences relating to the business or directors' duties
B: reading regarding updates

Except for Mr. Liu Kwong Sang, all current directors are appointed near the end of the financial year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the Model Code throughout the year ended 31 March 2014.

AUDITORS' REMUNERATION

The Audit Committee reviews each year with the external auditors of the Company with regards their independence, approves their appointment, discusses the scope of their audit, approves their fees, and the scope and appropriate fees for any non-audit services requested to be provided by them. During the year, the fees paid to the Company's auditors in respect of audit services amounted to HK$550,000.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" on pages 20 to 21.

The financial statements for the year were audited by Elite Partners CPA Limited whose term of office will expire upon the forthcoming annual general meeting. The Audit Committee has recommended to the Board that Elite Partners CPA Limited be nominated for appointment as the auditors of the Company at the forthcoming annual general meeting.

DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirement. The directors acknowledge their responsibility for preparing the financial statements of the Company for each financial year which gives a true and fair view of the state of the Company.

The financial statements of the Group for the year ended 31 March 2014 have been prepared on a basis with qualified opinion and emphasis of matter. For additional details of these limitation of audit scope and uncertainty, please refer to Independent Auditors' Report on pages 20 to 21 and Note 3 to financial statements.

INTERNAL CONTROL

The Board has overall responsibility for the establishment, maintenance and review of the Company's internal control system. The Company has established an internal control system and the Board will conduct review on the effectiveness of the system at least annually and report the result of the review to the shareholders.

COMPANY SECRETARY

Mr. Li Wing Sum Steven was appointed as Company Secretary of the Company on 9 May 2014. He has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge during the year ended 31 March 2014.

SHAREHOLDER'S RIGHTS

The right and procedures to convene a general meeting and to demand a poll on resolutions at general meetings by shareholders of the company are set out in the Company's amended and restated Articles of Association headed "General Meetings", "Notice of General Meetings", "Proceedings At General Meetings" and "Voting". Shareholders may at any time send their enquiries to the Board by addressing them to the Company Secretary by post at the principal place of business of the Company.

COMMUNICATION WITH SHAREHOLDERS

The Company has a shareholders communication policy to set out the Company's procedures in providing shareholders and investors in respect of the information about the Company.

The Company uses various communication methods to ensure its Shareholders are kept well informed. These include publication of annual report, various notices, announcements and circulars. The shareholders' meeting also provides a useful channel for shareholders to communicate directly with the Board at which the directors are available to answer questions relating to the Company's affairs. The right to demand voting by poll is communicated to the shareholders by way of circulars. Resolutions are proposed at each shareholder's meeting on each substantially separate issue, include the election of individual directors.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Tan Bondy, aged 47, was appointed as an executive Director of the Company in January 2014. Mr. Tan holds a Bachelor of Commerce degree in company law from Murdoch University, Australia and a Bachelor of Business degree in marketing from Edith Cowan University, Australia. Mr. Tan is an entrepreneur and has over 20 years of experience in marketing management and business development with several international enterprises in People's Republic of China ("China") and Hong Kong. Mr. Tan is currently the honorary advisor of China National Culture & Arts Co., Ltd (中國文化藝術有限公司), a sole state owned holding enterprise under the Ministry of Culture of China. Mr. Tan also serves as the Chief Executive Officer of Beijing Cultural Artworks Exchange (北京文化藝術品交易所) which is the sole cultural artworks exchange in China approved by the China Securities Regulatory Commission and Beijing Municipal Bureau of Financial Works for securitization operation, being an exchange platform for trading of listed shares which held assets of cultural artworks, films or TV contents. Mr. Tan is also an overseas investment advisor of China Ruilian Holding Corporation (中國瑞聯實業集團有限公司) and an investment advisor of Northern Enterprise Group Corporation (北方企業集團).

Ms. Sun Wei, aged 30, was appointed as an executive Director of the Company in February 2014. Ms. Sun holds a Bachelor of Arts in English Education degree from Shanghai International Studies University, PRC, a Master of Science degree in Finance from Clark University, United States of America and a Postgraduate Certificate in Professional Accounting from City University of Hong Kong. Ms. Sun has over three years of experience in accounting and administration.

Ms. Shen Lihong, aged 30, was appointed as an executive Director of the Company in May 2014. Ms. Shen was graduated with a Bachelor degree in law from the University of Yangzhou in June 2007, and a Master degree in public relations from the East China University of Finance in July 2010. Ms. Shen has five years of experience in media, film promotion and distribution, and investor relations.

Independent Non-Executive Directors

Mr. Liu Kwong Sang, aged 52, has been an independent non-executive Director of the Company since September 2004. Mr. Liu has been practising as a certified public accountant in Hong Kong with more than 25 years of experience in accounting profession. Mr. Liu graduated from the Hong Kong Polytechnic University with a bachelor degree in Accountancy (with honours) and obtained the Master degree in Business Administration from the University of Linclon, the United Kingdom. He is an associate member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Institute of Financial Accountants, the United Kingdom and a fellow member of the Institute of Public Accountants (formerly known as "National Institute of Accountants"), Australia. Mr. Liu is also a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong, a Certified Tax Adviser and a fellow member of the Society of Registered Financial Planners. Mr. Liu acts as independent non-executive directors of Polytec Asset Holdings Limited and of Dragonite International Limited (formerly known as "Ruyan Group (Holdings) Limited"), securities of both are listed on the main board of the Stock Exchange, and of abc Multiactive Limited and of TLT Lottotainment Group Limited whose securities are listed on the GEM board of the Stock Exchange, and of Pacific CMA, Inc. whose securities were previously listed on the American Stock Exchange.

Biographical Details of Directors and Senior Management

Dr. Wan Ho Yuen Terence, aged 46, was appointed as an independent non-executive Director of the Company in January 2014. Dr. Wan holds a Bachelor of Arts degree with honors in Business Administration from Bolton Institute of Higher Education, the United Kingdom, a Bachelor of Law degree from Tsing Hua University, China, a Master of Business degree in Accounting from Victoria University of Technology, Australia, a Master of Arts degree in international accounting from City University of Hong Kong and a Doctor of Philosophy in Business Administration in Accounting from Bulacan State University, the Philippines. Dr. Wan is a Fellow member and Certified Tax Advisor of the Taxation Institute of Hong Kong, a Fellow member and a Certified Public Accountant (Practicing) of Hong Kong Institute of Certified Public Accountants, a Certified Practising Accountant of CPA (Australia) and a Certified Management Accountant of the Institute of Certified Management Accountant, Australia. Dr. Wan has over 22 years of experiences in corporate finance, advisory, business management and accounting with several professional accounting firms and companies. Dr. Wan is currently the director of an accounting firm based in Hong Kong.

Ms. Wang Miaojun, aged 33, was appointed as an independent non-executive Director of the Company in February 2014. Ms. Wang holds a bachelor degree in Electronics and Information Engineering from Shenzhen University. Ms. Wang has over 10 years of experience in IT and media industry. Ms. Wang is currently a general manager of the online media department and a director in an online media company. Ms. Wang had extensive experience in operation and management and had held management roles in electronics, IT and media companies and had an established network of relationship within IT industry in the PRC.

Mr. Ma Qianli, aged 38, was appointed as an independent non-executive Director of the Company in February 2014. Mr. Ma holds a Bachelor degree in architectural from Shenyang Architectural and Civil Engineering Institute and a Master of Interactive Multimedia degree from University of Technology Sydney, Australia. Mr. Ma has several years of properties development and architecture experience.

SENIOR MANAGEMENT

Mr. Wong Wai Kong Terry, aged 54, was appointed as the chief executive officer of the Company in March 2014. Mr. Wong holds a Bachelor degree in Finance from Simon Fraser University of Vancouver, Canada. Mr. Wong has over thirty years of experience in film & media, public relations, venture investment, telecommunications, gaming and container industries.

Independent Auditors' Report

開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

To the members of
CHINA NATIONAL CULTURE GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China National Culture Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as set out on pages 22 to 89, which comprise the consolidated and the Company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements that gives 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. This report is made 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. Except for the inability to obtain sufficient appropriate audit evidence as explained in the basis for qualified opinion paragraph, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. 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 auditor's 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 auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Independent Auditors' Report

BASIS FOR QUALIFIED OPINION

Prior year's audit scope limitation affecting opening balances and comparative figures

The auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2013 contained a disclaimer opinion on the limitation on the audit scope in relation to goodwill, recoverability of other receivable and arbitration. Details of which had been set out in the auditor's report dated 27 June 2013.

As the consolidated financial statements of the Group for the year ended 31 March 2013 formed the basis for the corresponding figures presented in the current year's consolidated financial statements, any adjustments found to be necessary in respect of the carrying amount of the above mentioned (i) goodwill; and (ii) recoverability of other receivable and arbitration would have a significant effect on the opening balances and consequential effect on the results and the related disclosures thereof for the year ended 31 March 2014.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

In our opinion, except for the effects of the matters described in the basis of qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 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 requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

Without further qualifying our opinion, we draw attention to the fact that the Group has net current liabilities of approximately HK$11,789,000 as at 31 March 2014. These conditions along with other matters as set forth in notes to the consolidated financial statements indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Report on matters under sections 141(4) and 141 (6) of the Hong Kong Companies Ordinance

In respect alone of the matters described in the basis for qualified opinion's paragraph:

– we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

– we were unable to determine whether proper books of account had been kept.

Elite Partners CPA Limited
Certified Public Accountants
Hong Kong, 27 June 2014

Siu Edmund
Practising Certificate Number P05333

Suites 2B-4A, 20/F., Tower 5, China Hong Kong City,
33 Canton Road, Tsimshatsui, Hong Kong

Consolidated Statement of Profit or Loss

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000 (Re-presented)
Continuing operation			
Turnover	8	**2,951**	6,677
Cost of sales		**(2,648)**	(5,866)
Gross profit		**303**	811
Other revenue	8	**86**	–
Other income	9	**8**	29,041
Administrative expenses		**(8,594)**	(7,279)
Gain on disposal of subsidiaries		**5,178**	25,930
Impairment loss in respect of goodwill		**(160,247)**	(92,651)
Impairment loss in respect of available-for-sale financial asset		**–**	(26,375)
Impairment loss in respect of accounts receivable		**(229)**	–
Loss from operating activities	9	**(163,495)**	(70,523)
Finance costs	10	**(26,418)**	(17,793)
Loss before taxation		**(189,913)**	(88,316)
Taxation	13	**(1,814)**	–
Loss after taxation from continuing operation		**(191,727)**	(88,316)
Discontinued operations			
Loss for the year from discontinued operations	16	**(11,974)**	(2,599)
Loss for the year		**(203,701)**	(90,915)
Attributable to:			
Owners of the Company			
– From continuing operation		**(191,727)**	(87,282)
– From discontinued operation		**(11,974)**	(2,599)
		(203,701)	(89,881)
Attributable to:			
Non-controlling interests			
– From continuing operation		**–**	(1,034)
– From discontinued operation		**–**	–
		–	(1,034)
Loss for the year		**(203,701)**	(90,915)
Loss per share			
For loss for the year			
– Basic and Diluted (HK cents)	17	**(5.51)**	(1.01)
For loss from continuing operation			
– Basic and Diluted (HK cents)	17	**(5.18)**	(0.98)

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000 (Re-presented)
Loss for the year	**(203,701)**	(90,915)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent period:		
Exchange differences on translating foreign operations	**(368)**	373
Reclassification adjustments upon disposal of subsidiaries during the year	**1,850**	(2,465)
Other comprehensive income/(loss) for the year, net of income tax	**1,482**	(2,092)
Total comprehensive loss for the year	**(202,219)**	(93,007)
Attributable to:		
– Owners of the Company	**(202,219)**	(91,981)
– Non-controlling interests	**–**	(1,026)
	(202,219)	(93,007)

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

Consolidated Statement of Financial Position

As at 31 March 2014

	Notes	**2014 HK$'000**	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	18	**371**	577
Goodwill	19	**410,260**	570,507
Available-for-sale financial asset	21	**165**	165
		410,796	571,249
Current assets			
Accounts receivable	24	**1,460**	2,028
Prepayments, deposits and other receivables	25	**1,019**	10,908
Cash and cash equivalents	26	**2,183**	2,501
		4,662	15,437
Total assets		**415,458**	586,686
EQUITY			
Capital and reserves			
Share capital			
– Ordinary shares	32	**52,780**	31,238
– Non-voting convertible preference shares	33	**257,180**	401,800
Reserves	35	**(125,459)**	(74,456)
Equity attributable to owners of the Company		**184,501**	358,582
Non-controlling interests		**–**	–
Total equity		**184,501**	358,582

Consolidated Statement of Financial Position

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
LIABILITIES			
Non-current liabilities			
Other loan	29	**20,727**	–
Loans from shareholders	29	**–**	40,722
Promissory notes	30	**193,779**	173,158
		214,506	213,880
Current liabilities			
Loans from shareholders	29	**–**	400
Accounts payable	27	**35**	2,007
Other payables and accruals	28	**14,602**	11,817
Tax payable		**1,814**	–
		16,451	14,224
Total liabilities		**230,957**	228,104
Total equity and liabilities		**415,458**	586,686
Net current (liabilities)/assets		**(11,789)**	1,213
Total assets less current liabilities		**399,007**	572,462

Approved and authorised for issue by the board of directors on 27 June 2014

Sun Wei
Director

Shen Lihong
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to owners of the Company									
	Ordinary share capital HK$'000	**Share premium** HK$'000	**Non-voting convertible preference shares** HK$'000	**Capital reserve** HK$'000 (Note (a))	**Exchange translation reserve** HK$'000	**Other reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interest** HK$'000	**Total equity** HK$'000
1 April 2012	18,638	133,488	490,000	9,800	2,180	–	(205,393)	448,713	19,882	468,595
Loss for the year	–	–	–	–	–	–	(89,881)	(89,881)	(1,034)	(90,915)
Other comprehensive loss for the year:										
Exchange difference on translating foreign operations	–	–	–	–	365	–	–	365	8	373
Reclassification adjustments relating to foreign operations disposed of during the year	–	–	–	–	(2,465)	–	–	(2,465)	–	(2,465)
Total comprehensive loss for the year	–	–	–	–	(2,100)	–	(89,881)	(91,981)	(1,026)	(93,007)
Issue of shares upon conversion of convertible preference shares	12,600	75,600	(88,200)	–	–	–	–	–	–	–
Shareholders' contribution in form of waiver of shareholder's loan	–	–	–	–	–	1,850	–	1,850	–	1,850
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(18,856)	(18,856)
At 31 March 2013 and 1 April 2013	**31,238**	**209,088**	**401,800**	**9,800**	**80**	**1,850**	**(295,274)**	**358,582**	**–**	**358,582**
Loss for the year	–	–	–	–	–	–	(203,701)	(203,701)	–	(203,701)
Other comprehensive loss for the year:										
Exchange difference on translating foreign operations	–	–	–	–	(368)	–	–	(368)	–	(368)
Reclassification adjustments relating to business operations disposed of during the year	–	–	–	–	–	(1,850)	1,850	–	–	–
Total comprehensive loss for the year	–	–	–	–	(368)	(1,850)	(201,851)	(204,069)	–	(204,069)
Placing of shares	882	29,106	–	–	–	–	–	29,988	–	29,988
Issue of shares upon conversion of convertible preference shares	20,660	123,960	(144,620)	–	–	–	–	–	–	–
At 31 March 2014	**52,780**	**362,154**	**257,180**	**9,800**	**(288)**	**–**	**(497,125)**	**184,501**	**–**	**184,501**

Note:

(a) The capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group Reorganisation in 2004, over the nominal value of the Company's shares issued in exchange therefor.

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000 (Re-presented)
Cash flows from operating activities			
Loss before taxation			
Loss from continuing operations		**(189,913)**	(88,316)
Loss from discontinued operation		**(11,961)**	(2,521)
Adjustments for:			
Finance cost		**26,418**	17,793
Depreciation		**194**	816
Exchange difference		**–**	823
Loss on disposal of property, plant and equipment		**135**	4
Impairment loss in respect of available-for-sale financial assets		**–**	26,375
Impairment loss in respect of goodwill		**160,247**	92,651
Impairment loss in respect of account receivables		**229**	–
Impairment loss in respect of other receivable		**10,436**	–
Gain on early extinguishment of promissory notes		**–**	(29,041)
Gain on disposals of subsidiaries		**(5,178)**	(25,930)
Operating cash flows before working capital changes		**(9,393)**	(7,346)
Decrease in accounts receivable		**339**	521
(Increase)/Decrease in prepayments, deposits and other receivables		**(457)**	5,849
Decrease in accounts payable		**(1,060)**	(2,656)
Increase in other payables and accruals		**2,522**	4,935
Cash (used in)/generated from operations		**(8,049)**	1,303
Hong Kong profits tax paid		**(13)**	(147)
Net cash (used in)/generated from operating activities		**(8,062)**	1,156
Cash flows from investing activities			
Purchase of property, plant and equipment		**(123)**	(39)
Net cash movement from disposals of subsidiaries	36	**(8)**	69
Net cash (used in)/generated from investing activities		**(131)**	30
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**29,988**	–
Repayment of loans from shareholders		**(21,875)**	(10,299)
Net cash generated from/(used in) financing activities		**8,113**	(10,299)
Net decrease in cash and cash equivalents		**(80)**	(9,113)
Cash and cash equivalents at the beginning of the year		**2,501**	11,614
Effect of foreign exchange rate changes, net		**(238)**	–
Cash and cash equivalents at the end of the year		**2,183**	2,501
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**2,183**	2,501

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

Statement of Financial Position

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	22	**427,891**	423,524
Current assets			
Prepayments, deposits and other receivables	25	**709**	267
Cash and cash equivalents		**5**	714
		714	981
Total assets		**428,605**	424,505
EQUITY			
Capital and reserves			
Share capital			
– Ordinary share capital	32	**52,780**	31,238
– Non-voting convertible preference shares	33	**257,180**	401,800
Reserves	35	**61,490**	(79,550)
Total equity		**371,450**	353,488
LIABILITIES			
Non-current liabilities			
Other loan	29	**20,727**	–
Loans from shareholders	29	**–**	37,010
		20,727	37,010
Current liabilities			
Other payables and accruals	28	**2,020**	668
Amounts due to subsidiaries		**32,594**	33,339
Tax payable		**1,814**	–
		36,428	34,007
Total liabilities		**57,155**	71,017
Total equity and liabilities		**428,605**	424,505
Net current liabilities		**(35,714)**	(33,026)
Total assets less current liabilities		**392,177**	390,498

Approved and authorised for issue by the board of directors on 27 June 2014

Sun Wei
Director

Shen Lihong
Director

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

1. CORPORATE INFORMATION

China National Culture Group Limited (formerly known as China Railsmedia Corporation Limited) (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 27 August 2002 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Room 901, Silver Fortune Plaza, 1 Wellington Street, Central, Hong Kong.

Pursuant to the special resolution passed at the extraordinary general meeting of the Company held on 19 March 2014 and the approval of the Registrar of Companies of Cayman Islands on the same day, the name of the Company was changed from "China Railsmedia Corporation Limited 中國鐵聯傳媒有限公司*" to "China National Culture Group Limited 中國國家文化產業集團有限公司".

The Group was principally involved in providing the advertising media services.

In the opinion of directors, the Company's ultimate holding company is Huge Leader Holdings Limited, which is incorporated in the British Virgin Islands (the "BVI") with limited liability.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the disclosure requirements of the Hong Kong Companies Ordinance.

These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

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

* For identification purpose only

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

2.2 Possible impact of amendments, new standards and interpretation issued but not yet effective for the year ended 31 March 2014

In the current year, the Group has applied for the first time the following new and revised standards,amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2013:

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

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

2.2 Possible impact of amendments, new standards and interpretation issued but not yet effective for the year ended 31 March 2014 *(Continued)*

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[5]
HKFRS 9	Financial Instruments[4]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets[1]
Amendments to HKFRS 39	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, with limited exceptions
3 Effective for annual periods beginning on or after 1 July 2014
4 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
5 Effective for annual periods beginning on or after 1 January 2016

The Group is in the process of assessing the impact of these new and revised standards, amendments to standards and interpretations to existing standards and does not expect there will be a material impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the liquidity of the Group. The Group had net current liabilities of approximately HK$11,789,000 as at 31 March 2014. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. In light of the above going concern indicators, the Group's directors had taken the following measures:

(i) With reference to other loan amounted to approximately HK$20,727,000 which has been included in the consolidated statement of financial position, a letter has been issued by the Company and received from the major creditor, i.e. Marco Benefit Limited, which confirm that Marco Benefit Limited will not request repayment of such loan until its maturity date and such date has been extended to 30 September 2015;

(ii) the major shareholder, Huge Leader Holdings Limited has confirmed in writing to provide continuing financial support to the Company and the Group to enable it to continue as a going concern to settle its liabilities when they fall due till 30 September 2015 and inclusive;

(iii) With reference to the promissory notes payable of approximately HK$193,779,000 as stated in the consolidated statement of financial position, the holders of promissory notes have confirmed in writing that they will not request repayment of any amounts accruing to them until their maturity dates and the maturity dates of the promissory notes have been extended to 30 September 2015 and inclusive.

Under these circumstances, the directors of the Company are of in the view that it is appropriate to prepare the consolidated financial statements for the year ended 31 March 2014 on a going concern basis.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

– the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

– potential voting rights held by the Group, other vote holders or other parties;

– rights arising from other contractual arrangements; and

– any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income/consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combination

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combination *(Continued)*

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

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

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

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

Goodwill

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

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

For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit or a jointly controlled entity, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

The consolidated financial statements are presented in Hong Kong Dollars. 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.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Hong Kong dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over a subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of an asset 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 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 it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The principal annual rates used for this purpose are as follow:

Leasehold improvement	Over the terms of lease or 3 years, whichever is shorter
Machinery	$33^{1}/_{3}$%
Motor vehicles	20%
Furniture, fixtures and equipment	20%
Tools and equipment	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of tangible assets *(Continued)*

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

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Current and deferred tax for the year

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

Employee benefits

Retirement benefits schemes

The Group operates defined contribution retirement benefits schemes in Hong Kong, including a Mandatory Provident Fund Scheme (the "MPF Scheme"), for those employees who are eligible and have elected to participate in the schemes. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. When an employee leaves the schemes, with the exception of the MPF Scheme, prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of any forfeited contributions. In respect of the MPF Scheme, the Group's employer contributions vest fully with the employees when contributed into the scheme.

The employees of the Group's subsidiary which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. The subsidiary is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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:

(i) advertising income, on a straight-line basis over the period during the advertisement is displayed;

(ii) on-line advertising and media related service income is recognised when the service is rendered; and

(iii) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into the following specified categories: available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

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

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

Impairment of financial assets

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

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For certain categories of financial asset, such as accounts receivable, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days to its contract customers and 180 days for advertising customers, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Other financial liabilities

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

Promissory notes

Promissory notes are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

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

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

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

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

Leasing

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

The Group as lessee

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contingent assets and liabilities

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 the outflow is probable, it will then be recognised as a provision.

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

Segment information

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management 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 and the methods used to distribute the products or provide the services. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

For the purposes of these financial statements, related parties include a person and entity as defined below:

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

- (a) has control or joint control over the Group;
- (b) has significant influence over the Group; or
- (c) is a member of the key management personnel of the Company or of a parent of the Company.

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

- (a) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (b) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member);
- (c) both entities are joint ventures of a third entity;
- (d) either entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (e) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan;
- (f) the entity is controlled or jointly controlled by a person identified in (i);
- (g) a person identified in (i)(a) has significant voting power in the entity.

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

Current assets and liabilities

Current assets are expected to be realised within twelve months of the reporting date or in the normal course of the operating cycle. Current liabilities are expected to be settled within twelve months of the reporting date or in the normal course of the operating cycle.

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group 2014 HK$'000	The Group 2013 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**4,343**	15,142
Available-for-sale financial assets	**165**	165
	4,508	15,307
Financial liabilities		
Amortised cost	**229,143**	228,104

	The Company 2014 HK$'000	The Company 2013 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**428,338**	432,805
Financial liabilities		
Amortised cost	**55,341**	71,017

(b) Financial risk management objectives and policies

The Group's and the Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Management regularly manages the financial risks of the Group and the Company. Because of the simplicity of the financial structure and the current operations of the Group and the Company, no major hedging activities are undertaken by management.

4. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk

(i) Foreign currency risk management

The Group and the Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollars ("HKD") and Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group and the Company currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

	The Group			
	Liabilities		Assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**98**	5,075	**48**	26

	The Company			
	Liabilities		Assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**–**	4,980	**–**	–

4. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

(i) Foreign currency risk management (Continued)

Sensitivity analysis on foreign currency risk management

The Group and the Company is mainly exposed to the effects of fluctuation in RMB.

The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in Hong Kong dollars against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A negative number below indicates a decrease in profit where the Hong Kong dollars strengthen 5% against the relevant currency. For a 5% weakening of the Hong Kong dollars against the relevant currency, there would be an equal and opposite impact on the profit, and the balance below would be positive.

	The Group	
	2014	2013
	HK$'000	HK$'000
Impact of RMB		
Profit or loss (Note (i))	**3**	252

	The Company	
	2014	2013
	HK$'000	HK$'000
Impact of RMB		
Profit or loss (Note (i))	**–**	–

Notes:

(i) This is mainly attributable to the exposure outstanding on receivables, cash and bank balances and payables denominated in RMB not subject to cash flow hedge at the end of the reporting period.

4. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

(ii) Interest rate risk management

The Group's interest rate risk arises from interest-bearing borrowings. Loans from a related party as disclosed in Notes 29 and 30, which issued at fixed rates, expose the Group to fair value interest rate risk. The Group did not enter into interest rate swap to hedge against its exposures to changes in fair values of the borrowings.

The Group considers that there is no significant cash flow interest rate risk as the Group does not have variable-rate borrowings.

The Company considers that there is no significant cash flow interest rate risk and fair value interest rate risk as the Company does not have variable-rate borrowings and fixed-rate borrowings.

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

Credit risk management

As at 31 March 2014, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated and the Company statements of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that followup action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and debt investments at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In order to minimise the credit risk of the Company on the amounts due from subsidiaries, the management of the Company closely monitored the recoverability of the amounts due. In this regard, the directors of the Company consider that the Company's credit risk on it is significantly reduced.

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

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group and the Company do not have any other significant concentration of credit risk.

4. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework to meet the Group's and the Company's short, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

The Group

At 31 March 2014

	Weighted average effective interest rate %	Within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative Financial liabilities						
Accounts payable	–	35	–	–	35	35
Other payables and accruals	–	14,604	–	–	14,604	14,602
Other loan	5.00	–	22,282	–	22,282	20,727
Promissory notes	14.21	–	224,432	–	224,432	193,779
		14,639	246,714	–	261,353	229,143

4. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk management *(Continued)*

The Group *(Continued)*

At 31 March 2013

	Weighted average effective interest rate %	Within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative Financial liabilities						
Accounts payables	–	2,007	–	–	2,007	2,007
Other payables and accruals	–	11,817	–	–	11,817	11,817
Loans from shareholders	4.95	400	42,758	–	43,158	41,122
Promissory notes	14.21	–	224,386	–	224,386	173,158
		14,224	267,144	–	281,368	228,104

The Company

At 31 March 2014

	Weighted average effective interest rate %	Within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative Financial liabilities						
Other payables and accruals	–	2,020	–	–	2,020	2,020
Loans from shareholders	5.00	–	22,282	–	22,282	20,727
Amounts due to subsidiaries	–	32,594	–	–	32,594	32,594
		34,614	22,282	–	56,896	55,341

4. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk management *(Continued)*

The Company *(Continued)*

At 31 March 2013

	Weighted average effective interest rate %	Within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative Financial liabilities						
Loans from shareholders	5.00	–	40,804	–	40,804	37,010
Other payables and accruals	–	668	–	–	668	668
Amounts due to subsidiaries	–	33,339	–	–	33,339	33,339
		34,007	40,804	–	74,811	71,017

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximately to fair values, are as follows:

	2014 Carrying amount HK$'000	**2014** Fair value HK$'000	2013 Carrying amount HK$'000	2013 Fair value HK$'000
Non-derivative Financial liabilities				
Promissory notes	**193,779**	**185,298**	173,158	174,907

Fair value measurements recognised in the consolidated statement of financial position

The Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

4. FINANCIAL INSTRUMENTS *(Continued)*

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

Fair value measurements recognised in the consolidated statement of financial position *(Continued)*

No analysis is disclosed since the Group and the Company has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

There were no transfers between Levels 1 and 2 and 3 in both years.

Fair value hierarchy

The following table illustrate the fair value measurement hierarchy of the Group's financial instruments:

The Group

At 31 March 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Non-derivative financial liabilities:				
Promissory notes	**–**	**193,779**	**–**	**193,779**

At 31 March 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Non-derivative financial liabilities:				
Promissory notes	–	173,158	–	173,158

At 31 March 2014, the promissory notes' fair values were computed based on discount cash flow method. The fair value of promissory notes were mainly driven by the discount rate which incorporated the equivalent credit rating of the Group and risk free rate.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debt (which includes other loan, loans from shareholders and promissory notes). The ratio is calculated based on total debt and total assets of the Group. The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and issuance of new shares as well as the addition of new borrowings.

The Group is not subject to any externally imposed capital requirements

Gearing ratio

The gearing ratios at 31 March 2014 and 31 March 2013 were as follows:

	2014 **HK$'000**	2013 HK$'000
Debt (note (a))	**214,506**	214,280
Assets (note (b))	**415,458**	586,686
Gearing ratio	**51.63%**	36.52%

Notes:

(a) Debt comprises other loan, loans from shareholders and promissory notes as detailed in Notes 29 and 30 respectively.

(b) Assets includes all current and non-current assets of the Group.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

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

(a) Income taxes

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

(b) Impairment of property, plant and equipment

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

(c) Fair value estimation

The carrying amounts of the Group's financial assets, including accounts receivable, other receivables, and cash and bank balances, and financial liabilities, including accounts payable, other payables and accruals, promissory notes and loans from shareholders, approximate their fair values due to their short maturities. The face values less any credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(d) Impairment of accounts receivable and other receivables

The aged debt profile of accounts receivable and other receivables is reviewed on a regular basis to ensure that the accounts receivable balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of receivables are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the debtors, the aged analysis of the accounts receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivables to the statement of comprehensive income. Changes in the collectability of accounts receivable for which provisions are not made could affect our results of operations.

(e) Impairment for goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill as at 31 March 2014 was approximately HK$410,260,000 (2013: HK$570,507,000). Details of the impairment loss calculation are disclosed in Note 20.

7. SEGMENT INFORMATION

For the purposes of resources allocation and performance assessment, information is reported to the chief operating decision maker of the Company, based on the following operating and reportable segments:

(a) the advertising segment which engages in advertising services together with (i) the provision of rail transit value-added services through LCD displays located at the ticketing offices of each station in the PRC; and (ii) the provision of advertising and value added services through mobile devices and digital media network of LCD and flat panel screens in retail chain network in Hong Kong;

The following operations have been discontinued during the year:

(b) the building construction segment which engages in construction and foundation contract works as a main contractor or subcontractor for building construction in the private and public sectors; and

(c) the renovation, repairs and maintenance segment which engages in site formation, civil engineering works, repairs, maintenance, renovation and fitting out works in the private and public sectors.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment:

	Continuing operations		Discontinued operations					
	Advertising		Building Construction		Renovation, repairs and maintenance		Consolidated	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Segment revenue:								
Contract revenue from external customers	**2,951**	6,677	**–**	–	**–**	–	**2,951**	6,677
Segment results	**303**	811	**–**	–	**–**	–	**303**	811
Interest income							**–**	–
Unallocated gains							**94**	29,792
Gain on disposal of subsidiaries							**5,178**	25,930
Impairment loss in respect of goodwill							**(160,247)**	(92,651)
Impairment loss in respect of available-for-sale financial asset							**–**	(26,375)
Central administration costs							**(20,759)**	(10,551)
Loss from operating activities							**(175,431)**	(73,044)
Finance costs							**(26,443)**	(17,793)
Loss before taxation							**(201,874)**	(90,837)
Taxation							**(1,827)**	(78)
Loss for the year							**(203,701)**	(90,915)

There were no inter-segment sales during the year (2013: Nil). Segment profit/(loss) represents the profit/(loss) earned/incurred without allocation of central administration costs including directors' salaries, investment and other income, gain on disposal of subsidiaries, gain on early extinguishment of promissory notes, impairment loss in respect of goodwill, impairment loss in respect of available-for-sale financial asset, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

7. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

	Continuing operations		Discontinued operations					
	Advertising		Building Construction		Renovation, repairs and maintenance		Consolidated	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Segment assets	**413,761**	573,328	**–**	11,118	**–**	71	**413,761**	584,517
Unallocated assets							**1,697**	2,169
							415,458	586,686
Segment liabilities	**181,968**	179,030	**–**	6,236	**–**	2,058	**181,968**	187,324
Unallocated liabilities							**48,989**	40,780
							230,957	228,104

For the purposes of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than available-for-sale financial asset and unallocated head office and corporate assets.

– all liabilities are allocated to reportable segments other than current tax liabilities, other loan, loans from shareholders and unallocated head office and corporate liabilities.

Other segment information

	Continuing operations				Discontinued operations					
	Advertising		Unallocated		Building construction		Renovation, repairs and maintenance		Consolidated	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Depreciation	**36**	1,106	**149**	122	**9**	5	**–**	16	**194**	1,249
Additions to non-current assets	**46**	35	**77**	–	**–**	–	**–**	4	**123**	39
Impairment loss in respect of accounts receivable	**229**	–	**–**	–	**–**	–	**–**	–	**229**	–
Impairment loss in respect of other receivables	**–**	–	**–**	–	**10,436**	–	**–**	–	**10,436**	–
Impairment loss in respect of goodwill	**160,247**	92,651	**–**	–	**–**	–	**–**	–	**160,247**	92,651
Impairment loss in respect of available-for-sale financial asset	**–**	–	**–**	26,375	**–**	–	**–**	–	**–**	26,375

7. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group operates in two principal geographical areas – Hong Kong and the PRC.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Hong Kong		The PRC		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**2,775**	6,419	**176**	258	**2,951**	6,677
Non-current assets*	**410,609**	571,042	**22**	42	**410,631**	571,084

* *Non-current assets exclude available-for-sale financial asset.*

Revenue from its major services

The Group's revenue from its major services was as follows:

	2014	2013
	HK$'000	HK$'000
Advertising	**2,951**	6,677

Information about major customer

During the year ended 31 March 2014, includes in revenue arising from provision of advertising services, no revenue arose from a single customer who contributed 10% or more to the Group's revenue. (2013: approximately HK$900,000).

No other single customers contributed 10% or more to the Group's revenue for both 2014 and 2013.

8. TURNOVER AND OTHER REVENUE

An analysis of the Group's turnover and other income and gains is as follows:

	2014	2013
	HK$'000	HK$'000
		(Re-presented)
Continuing operation		
Turnover:		
Advertising income	**2,951**	6,677
Other revenue:		
Sundry income	**86**	–

9. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/(crediting):

	2014 HK$'000	2013 HK$'000 (Re-presented)
Continuing operation		
Auditors' remuneration	**550**	580
Depreciation	**185**	1,228
Staff costs (excluding directors' remuneration		
– wages and salaries	**1,670**	985
– pension scheme contributions	**93**	41
	1,763	1,026
Minimum lease payments under operating leases:		
– Land and buildings	**139**	107
Exchange loss, net	**–**	389
And after crediting:		
Other income:		
Gain on waiver of loan from a shareholder	**8**	–
Gain on extinguishment of promissory notes financial liabilities	**–**	29,041
	8	29,041

10. FINANCE COSTS

	2014 HK$'000	2013 HK$'000 (Re-presented)
Continuing operation		
Interest expense on amount due to a related party	**1,480**	95
Imputed interest expense arising from promissory notes wholly repayable within five years	**24,938**	17,698
	26,418	17,793

11. DIRECTORS' REMUNERATION

The remuneration of every director for the years ended 31 March 2014 and 2013, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Fees		Salaries and other benefits		Bonus		Pension scheme contributions		Total	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Executive Directors										
Ms. Shen Lihong (appointed on 9 May 2014)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Ms. Sun Wei (appointed on 26 February 2014)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Mr. Tan Bondy (appointed on 17 January 2014)	**–**	–	**75**	–	**–**	–	**–**	–	**75**	–
Mr. Tsui Wing Tak (appointed on 17 January 2014 and resigned on 9 May 2014)	**–**	–	**124**	–	**–**	–	**–**	–	**124**	–
Ms. Yih Chuen Yung, Grace (resigned on 29 January 2014)	**–**	–	**155**	62	**–**	15	**8**	2	**163**	79
Mr. Hui Chi Yung (resigned on 5 February 2014)	**–**	–	**698**	825	**–**	69	**13**	15	**711**	909
	–	–	**1,052**	887	**–**	84	**21**	17	**1,073**	988
Independent Non-Executive Directors										
Mr. Liu Kwong Sang	**45**	20	**–**	–	**–**	–	**–**	–	**45**	20
Mr. Ma Qianli (appointed on 26 February 2014)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Ms. Wang Miaojun (appointed on 5 February 2014)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Dr. Wan Ho Yuen Terence (appointed on 17 January 2014)	**25**	–	**–**	–	**–**	–	**–**	–	**25**	–
Mr. Sit Hing Wah (resigned on 26 February 2014)	**34**	20	**–**	–	**–**	–	**–**	–	**34**	20
Dr. Hu Chung Kuen, David (resigned on 17 January 2014)	**16**	20	**–**	–	**–**	–	**–**	–	**16**	20
	120	60	**–**	–	**–**	–	**–**	–	**120**	60
	120	60	**1,052**	887	**–**	84	**21**	17	**1,193**	1,048

11. DIRECTORS' REMUNERATION *(Continued)*

The number of directors whose remuneration fell within the following bands is as follows:

	Number of directors	
	2014	2013
Nil – HK$1,000,000	**12**	6

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

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil).

12. SENIOR MANAGEMENT'S EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Five highest paid individuals

The five individuals with the highest emoluments, one (2013: one) is a director whose emolument is disclosed in note 11.

The aggregate of the emoluments in respect of the other four (2013: four) individuals, include none (2013: one) of senior management, are as follows:

	2014	2013
	HK$'000	HK$'000
Salaries, allowance and benefits in kind	**853**	1,085
Pension scheme contributions	**35**	50
	888	1,135

The emoluments of the four (2013: four) individuals, include none (2013: one) of senior management, with the highest emoluments are within the following band:

	Number of individuals	
	2014	2013
Nil – HK$1,000,000	**4**	4

12. SENIOR MANAGEMENT'S EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS *(Continued)*

(b) Senior management of the Company

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

	Number of individuals	
	2014	2013
Nil – HK$1,000,000	**–**	1

13. TAXATION

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong during the year ended 31 March 2014 (2013: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2014 **HK$'000**	2013 HK$'000 (Re-presented)
Continuing operation		
Under provision in prior years:		
– Hong Kong profits tax	**1,814**	–

13. TAXATION *(Continued)*

A reconciliation of the tax expense applicable to loss before taxation using the statutory rates for the countries in which the Company and its subsidiaries, and jointly-controlled entity are domiciled to the tax expense at the effective tax rates, and a reconciliation of tax at the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2014					
	Hong Kong		**PRC**		**Total**	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Loss before taxation	**(189,870)**		**(43)**		**(189,913)**	
Tax at applicable tax rate	**(31,329)**	**(16.5)**	**(11)**	**(25.0)**	**(31,340)**	**(16.5)**
Tax effect of expenses not deductible for tax purpose	**26,441**	**13.9**	**5**	**11.6**	**26,446**	**13.9**
Tax effect of income not taxable for tax purpose	**(806)**	**(0.4)**	**–**	**–**	**(806)**	**(0.4)**
Tax effect of tax losses not recognised	**5,694**	**2.9**	**6**	**13.1**	**5,700**	**3.0**
Under-provision of tax of prior year	**1,814**	**0.9**	**–**	**–**	**1,814**	**0.9**
Tax charge at the Group's Effective rate	**1,814**	**0.9**	**–**	**–**	**1,814**	**0.9**

	2013 (Re-presented)					
	Hong Kong		PRC		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Loss before taxation	(88,255)		(61)		(88,316)	
Tax at applicable tax rate	(14,566)	(16.5)	(15)	(25.0)	(14,581)	(16.5)
Tax effect of expenses not deductible for tax purpose	31,641	35.9	–	–	31,641	35.8
Tax effect of income not taxable for tax purpose	(20,492)	(23.2)	–	–	(20,492)	(23.2)
Tax effect of tax losses not recognised	3,417	3.9	15	25.0	3,432	3.9
Tax charge at the Group's Effective rate	–	–	–	–	–	–

14. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The net loss attributable to owners of the Company for the year ended 31 March 2014 dealt with in the financial statements of the Company is approximately HK$12,026,000 (2013: net loss of approximately HK$80,255,000).

15. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2014 (2013: Nil).

16. DISCONTINUED OPERATIONS

Disposal of building construction operation

On 30 September 2013, the Group entered into a sale and purchase agreement to dispose its entire equity interest in Wing Hong Contractors Limited ("WH Contractors") which carried out all of the Group's building construction operation. The disposal of the building construction operation is consistent with the Group's long term policy to focus more on business in the new media business. The disposal of WH Contractors was completed on 30 September 2013.

Disposal of renovation, repairs and maintenance operation

On 30 September 2013, the Group entered into a sale and purchase agreement to dispose its entire equity interest in Wing Hong Interior Contracting Limited ("WH Interior") which carried out all of the Group's renovation, repairs and maintenance operation. The disposal of the renovation, repairs and maintenance operation is consistent with the Group's long term policy to focus more on business in the new media business. The disposal of WH Interior was completed on 30 September 2013.

16. DISCONTINUED OPERATIONS *(Continued)*

The results of building construction and renovation, repairs and maintenance operations for the year are presented below:

	2014 HK$'000	2013 HK$'000
Turnover	**–**	–
Other revenue	**–**	751
Administrative expense	**(1,500)**	(3,272)
Impairment loss in respect of other receivables	**(10,436)**	–
Loss from operating activities	**(11,936)**	(2,521)
Finance cost	**(25)**	–
Loss before taxation from discontinued operations	**(11,961)**	(2,521)
Taxation	**(13)**	(78)
Loss after taxation from discontinued operations	**(11,974)**	(2,599)
Attributable to:		
Owners of the Company	**(11,974)**	(2,599)

The loss from discontinued operations is arrived at after charging:

	2014 HK$'000	2013 HK$'000
Depreciation	**9**	21
Staff cost (excluding director's remuneration)		
– wages and salaries	**623**	1,091
– pension scheme contributions	**35**	76
	658	1,167

Cash flows from discontinued operations

	2014 HK$'000	2013 HK$'000
Net cash used in operating activities	**(47)**	(3,323)
Net cash used in investing activities	**–**	–
Net cash used in financing activities	**–**	–
Net cash outflow	**(47)**	(3,323)

16. DISCONTINUED OPERATIONS *(Continued)*

Cash flows from discontinued operations *(Continued)*

	2014	2013
Loss per share:		
Basic, from discontinued operations (HK cents)	**(0.33)**	(0.03)
Diluted, from discontinued operations (HK cents)	**(0.33)**	(0.03)

The calculations of basic and diluted loss per share from discontinued operations are based on:

	2014 HK$'000	2013 HK$'000
Loss attributable to ordinary equity holders of the parent from the discontinued operation	**(11,974)**	(2,599)

	'000	'000
Weighted average number of ordinary shares	**3,698,382**	8,863,830

17. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2014 HK$'000	2013 HK$'000
Loss:		
Loss for the year	**(203,701)**	(89,881)
Loss from continuing operation	**(191,727)**	(87,282)

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,698,382**	8,863,830

Diluted loss per share for the years ended 31 March 2014 and 2013 were the same as basic loss per share as the loss per share is anti-dilutive.

18. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold Improvement HK$'000	Machinery HK$'000	Motor Vehicles HK$'000	Furniture, Fixture and Equipment HK$'000	Tool and Equipment HK$'000	Total HK$'000
Cost:						
At 1 April 2012	139	22,390	682	2,410	125	25,746
Additions	–	–	–	36	3	39
Disposal of subsidiaries	–	(20,584)	–	(852)	–	(21,436)
Disposal	–	–	–	(1,148)	(2)	(1,150)
Exchange difference	–	198	–	9	–	207
At 31 March 2013 and 1 April 2013	139	2,004	682	455	126	3,406
Additions	–	32	–	72	19	123
Disposals of subsidiaries	(31)	(1,911)	–	(196)	(123)	(2,261)
Disposal	(21)	(125)	–	(11)	(22)	(179)
Exchange difference	–	–	–	1	–	1
At 31 March 2014	87	–	682	321	–	1,090
Accumulated depreciation and impairment:						
At 1 April 2012	(103)	(20,950)	(180)	(2,124)	(120)	(23,477)
Provided for the year	(10)	(973)	(122)	(143)	(1)	(1,249)
Eliminated on disposals of subsidiaries	–	20,186	–	766	–	20,952
Eliminated on disposals	–	–	–	1,146	–	1,146
Exchange difference	–	(194)	–	(7)	–	(201)
At 31 March 2013 and 1 April 2013	(113)	(1,931)	(302)	(362)	(121)	(2,829)
Provided for the year	(5)	(24)	(122)	(41)	(2)	(194)
Eliminated on disposals of subsidiaries	31	1,911	–	196	123	2,261
Eliminated on disposal	–	44	–	–	–	44
Exchange difference	–	–	–	(1)	–	(1)
At 31 March 2014	(87)	–	(424)	(208)	–	(719)
Net carrying amount:						
At 31 March 2014	**–**	**–**	**258**	**113**	**–**	**371**
At 31 March 2013	26	73	380	93	5	577

19. GOODWILL

The Group

	HK$'000
Cost:	
At 1 April 2012	720,981
Disposal of subsidiaries	(57,823)
At 31 March 2013 and 2014	663,158
Accumulated impairment losses:	
At 1 April 2012	57,823
Disposal of subsidiaries	(57,823)
Impairment loss recognised for the year	92,651
At 31 March 2013 and 1 April 2013	92,651
Impairment loss recognised for the year	160,247
At 31 March 2014	252,898
Carrying amounts:	
At 31 March 2014	**410,260**
At 31 March 2013	570,507

Pursuant to business acquisition of Huge Leader Development Limited and its subsidiaries, goodwill has been generated and which represents the benefit of expected synergy, revenue growth and future market development of Huge Leader Development Limited and its subsidiaries.

As at 31 March 2014, the Group determined the recoverable amount of cash generating unit ("CGU") for advertising through mobile devices and retail chain to be approximately HK$410,260,000. The directors of the Company have hired International Valuation Limited as their expert in deriving the value in use of the CGU. The valuation had used cash flows projection based on financial budgets approved by management which covered a 5-year period, and incorporated therein, a discount rate of 15.7%; in addition, those expected cash flows beyond five-year period did not contain any growth rate. As the recoverable amount of the CGU was below its carrying amount, an impairment loss of approximately HK$160,247,000 has been recognised in profit or loss and presented separately in the consolidated statement of profit or loss.

The key assumptions used in value in use calculations for advertising are as follows:

– Budgeted market share and sales, average market share and sales in the period immediately before the budget period is expected to be unchanged over the budget period. The values assigned to the assumptions reflect past experience, except for the growth factor, which is consistent with management plans for focusing operations in the industry. Management believes the planned market share growth and budgeted sales over the budget period is reasonably achievable.

– Budgeted gross margin is constant over the budget period.

20. IMPAIRMENT TESTING ON GOODWILL

Goodwill has been allocated for impairment testing purposes to the following groups of cash-generating units:

– Advertising at mobile devices and retail chain network

After recognition of impairment losses, the carrying amount of goodwill was allocated to cash-generating units as follows:

	2014 **HK$'000**	2013 HK$'000
Advertising at mobile devices and retail chain network	**410,260**	570,507

Advertising through mobile devices and retail chain network

The recoverable amount of this cash-generating units are determined based on a value in use calculation which uses discounted cash flow projections based on financial budgets approved by management covering a five-year period.

The impairment loss recognised for the year ended 31 March 2014 entirely attributed to goodwill arising from acquisition of Huge Leader Development Limited and its subsidiaries. After the acquisition, the Group has worked with their business partners and endeavored to commence business. During the year ended 31 March 2014, the development of the business is still in progress and the technician who is responsible for developing the dining apps estimated the foreseeable time to launch the business will be longer than what they had previously expected. In the opinion of the Directors, there is unexpected business risks arising from operational risk and uncertainty involved in developing the dining apps, therefore they prudently estimated a lower projected cash flow that have been incorporated in the 5-year period.

21. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2014 **HK$'000**	2013 HK$'000
Available-for-sale financial asset comprise:		
Unlisted equity securities in Hong Kong	**165**	165
Analysed for reporting purposes as:		
Non-current assets	**165**	165

21. AVAILABLE-FOR-SALE FINANCIAL ASSET *(Continued)*

Available-for-sale financial asset represents unlisted equity securities issued by a private entity incorporated in Hong Kong. The private entity is principally engaged in outdoor advertising in Hong Kong. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair values estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably. For the year ended 31 March 2014, the management has hired an independent professional valuer to help determine the recoverable amount. The recoverable amount has been determined using market based approach. As the recoverable amount is larger than its carrying amount, no impairment is provided.

During the year ended 31 March 2013, an objective evidence of impairment was considered to exist due to adverse financial position of the private entity. For the purpose of impairment, the recoverable amount has been determined under the market-based approach and the number of contracts on hand. The management considered that the recoverable amount of available-for-sale financial assets is significantly less than its investment cost and hence an impairment loss of approximately HK$26,375,000 is recognised against the investment cost.

22. INTERESTS IN SUBSIDIARIES

	2014 **HK$'000**	2013 HK$'000
Unlisted investments, at cost	**107,848**	107,848
Less: Impairment loss recognised (note (i))	**(107,848)**	(107,848)
	–	–
Amounts due from subsidiaries	**531,441**	522,438
Less: Impairment loss recognised (note (iv))	**(103,550)**	(98,914)
	427,891	423,524

Notes:

(i) The carrying amounts of cost of investments are reduced to their recoverable amounts which are determined by reference to the value in use.

(ii) Amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(iii) Amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

(iv) The amounts due from subsidiaries are non-trade nature, unsecured, interest free and no fixed term of repayment. Due to the prolonged poor financial performance of the subsidiaries, the carrying amounts of amounts due from subsidiaries are reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated from the respective subsidiaries.

22. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ registration and operations	Nominal value of used and fully paid-up share/ registered capital	Percentage of equity interests and voting power attributable to the Company Direct	Indirect	Principal activities
Beast Media Limited	Hong Kong	HK$1,000, 1,000 ordinary shares of HK$1 each	–	100%	Investment holding
Capital Marks Limited	British Virgin Islands	US$1,000, 1,000 ordinary shares of US$1 each	–	100%	Investment holding
Cotak Enterprises Limited	Hong Kong	HK$2, 2 ordinary shares of HK$1 each	–	100%	General investment
FingerAd Media Company Limited	Hong Kong	HK$1, 1 ordinary share of HK$1 each	–	100%	Food and beverages industry advertising business
Huge Leader Development Limited	British Virgin Islands	US$256,410, 256,410 ordinary shares of US$1 each	–	100%	Investment holding
Guangzhou Tracks Company Limited	PRC	HK$150,000	–	100%	Consultation on advertising services
Power Pond Limited	Hong Kong	HK$2, 2 ordinary shares of HK$1 each	–	100%	Property investment
Shing Tak Construction Company Limited	Hong Kong	HK$10,000,000, 10,000,000 ordinary shares of HK$1 each	–	100%	Investment holding
Wing Hong (China) Limited	Hong Kong	HK$100, 100 ordinary shares of HK$1 each	–	100%	Investment holding
Wing Hong (Macau) Limited	Macau	MOP100,000, 100,000 ordinary shares of MOP1 each	–	100%	Investment holding
Wing Hong Investment Limited	British Virgin Islands	US$1,000, 1,000 ordinary shares of US$1 each	100%	–	Investment holding

23. INTEREST IN AN ASSOCIATE

	The Group 2014 HK$'000	2013 HK$'000
Share of post-acquisition profits and other comprehensive income, net of dividends received	–	–

As at 31 March 2014, the Group had no interest in associate.

As at 31 March 2013, the Group has interests in the following associate.

Particulars of the associate are as follows:

Name of associate	Business structure	Place of incorporation/ registration and operation	Percentage of ownership interest and voting power attributable to the Group	Principal activities
Beatrice Construction Limited	Corporate	Hong Kong	30.625%	Dormant

The above investment in an associate is indirectly held by the Company.

The summarised financial information in respect of the Group's associate, extracted from its management accounts, is set out below:

	2014 HK$'000	2013 HK$'000
Total assets	–	731
Total liabilities	–	(907)
Net Liabilities	–	(176)
Group's share of net liabilities of associates	–	(54)
Turnover	–	–
Loss for the year	–	–

Notes:

(1) On 30 September 2013, the Group disposed of its entire equity interests in WH Contractors, the investment in an associate held by the WH Contractors was also disposed by the Group on that date. The gain or loss of the disposal of associate has been included in gain on disposal of subsidiaries as disclosed elsewhere in these consolidated financial statements.

24. ACCOUNTS RECEIVABLE

The following is an aged analysis of accounts receivable at the end of the reporting period:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within 30 days	**150**	393
31–90 days	**–**	490
91–180 days	**240**	375
Over 180 days	**1,299**	770
	1,689	2,028
Less: impairment loss in respected of accounts receivable	**(229)**	–
	1,460	2,028

The Group allows an average credit period of 180 days for advertising customers. The movements in impairment loss in respect of accounts receivable were as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
At the beginning of year	**–**	92
Impairment losses recognised on receivables	**229**	–
Derecognised upon disposal of subsidiaries	**–**	(92)
At the end of year	**229**	–

Accounts receivable above included amounts which are past due but not impaired because there has not been a significant change in credit quality and the amounts are still considered recoverable. The aged analysis of the Group's accounts receivable balances which are past due but not impaired is presented as follows:

	The Group	
	2014	2013
	HK$'000	HK$'000
Over 180 days	**1,070**	770

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**319**	267	**267**	267
Deposits	**465**	47	**442**	–
Other receivables	**235**	10,594	**–**	–
	1,019	10,908	**709**	267

For the year ended 31 March 2014, impairment of other receivables of approximately HK$10,436,000 (2013: HK$Nil) has been included in the consolidated statement of profit or loss and other comprehensive income. The debtors are either lost of contact or in financial difficulties of which the directors are of the opinion that the outstanding balances were not recoverable.

As at 31 March 2013, included in the Group's deposits and other receivables, an amount of approximately HK$10,400,000 which is a due from subcontractor of the Group, representing the costs incurred on behalf of the subcontractor in relation to a civil engineering works contract granted by the Civil Engineering Department of the HKSAR Government.

26. CASH AND CASH EQUIVALENTS

At 31 March 2014, cash and cash equivalents of the Group included currencies denominated in RMB amounted to approximately HK$4,000 which is not freely convertible into other currencies.

27. ACCOUNTS PAYABLE

The following is an aged analysis of the accounts payable at the end of the reporting period:

	The Group	
	2014	2013
	HK$'000	HK$'000
Within 30 days	**–**	255
31–90 days	**–**	375
91–180 days	**–**	59
Over 180 days	**35**	1,318
	35	2,007

As at 31 March 2014 and 2013, no retentions payables are included in accounts payable under current liabilities.

28. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other payables	**10,620**	9,810	**23**	668
Accruals	**2,482**	2,007	**1,997**	–
Deposit received	**1,500**	–	**–**	–
	14,602	11,817	**2,020**	668

29. OTHER LOAN/LOANS FROM SHAREHOLDERS

At 31 March 2014, other loan amounted to approximately HK$20,727,000 is a result from the assignment of loan from Rich Place Investment Limited which amounted to approximately HK$40,722,000 as at 31 March 2013, to Marco Benefit Limited.

Rich Place Investment Limited was held by RBTT Trust Co-operation ("RBTT"), a company acting in its capacity as the trustee of the Wing Hong Trust; the Wing Hong Trust is a discretionary trust whose beneficiaries are the family members of the former director. Marco Benefit is a Company controlled by the aforesaid former director who, at the same time, beneficiary owns Rich Place through his family members and its Trusts which were RBTT Trust Co-operation and Wing Hong Trust. As at 31 March 2014, the former director ceased to act as a capacity of director of the Company.

The loan from Marco Benefit Limited is unsecured, interests bearing at Hong Kong Dollar Best Lending Rate by HSBC per annum and repayable on 30 September 2015 pursuant to a letter issued by Marco Benefit Limited, Marco Benefit Limited has agreed not to demand for repayment of the total outstanding balance of approximately HK$20,727,000 until 30 September 2015. A loan from Million Honest Limited, which held by a former Director, was fully repaid during the year ended 31 March 2014 (2013: HK$400,000).

30. PROMISSORY NOTES

The Group

During the year ended 31 March 2013, pursuant to a letter dated 28 March 2013, Win Today, agreed to extend the maturity date of the its promissory note receivable ("Note #1") from 12 August 2013 to 12 August 2014 (the "New Maturity Date #1) and undertake not to request repayment of any amounts accruing to Win Today from Note #1 until the New Maturity Date #1. The modification of the terms on Note #1 was accounted for as an extinguishment of the original Note #1 and the recognition of new Note #1. The carrying amount of the original Note #1 was derecognised and the fair value of the new Note #1 was determined by an independent valuer and recognised on 28 March 2013. The difference between the carrying amount and the fair value was recognised in profit and loss as gain on early extinguishment of financial liabilities. In subsequent periods, the effective interest rate of Note #1 is 14.18% per annum.

30. PROMISSORY NOTES *(Continued)*

The Group *(Continued)*

For the year ended 31 March 2014, the imputed interest expense generated from the Note #1 amounted to approximately HK$1,900,000 (2013: HK$1,463,000).

During the year ended 31 March 2013, pursuant to a letter dated 25 March 2013, Huge Leader Holdings Limited agreed to extend the maturity date of its promissory note receivable ("Note #2") from 31 March 2014 to 31 March 2015 (the "New Maturity Date #2") and undertake not to request repayment of any amounts accruing to Huge Leader Holdings Limited from Note #2 until the New Maturity Date #2 subject to the following conditions as follows:

(a) The nature of Capital Marks Limited and its subsidiaries operations and product offerings do not materially change from their present operations and product offerings, and

(b) Capital Marks Limited continues to seek alternative sources of financing including any debt or equity offerings sufficient to repay the Note.

The modification of the terms on Note #2 was accounted for as an extinguishment of the original Note #2 and the recognition of new Note #2. The carrying amount of the old Note #2 was derecognized and the fair values of the new Note #2 were determined by an independent valuer and recognised on 25 March 2013. The difference between the carrying amount and the fair value was recognised in profit and loss as gain on early extinguishment of financial liabilities. The effective rate is of the principal of Note #2 is 14.56% per annum.

For the year ended 31 March 2014, the imputed interest expense generated from the Note#2 amounted to approximately HK$23,038,000 (2013: HK$16,235,000).

The Group

	HK$'000
At 1 April 2012	188,830
Interest charged at effective interest rate	17,698
Extinguishment of promissory notes due to extension	(201,900)
Issuance of promissory notes due to extension	172,859
Interest payables	(4,329)
At 31 March 2013 and 1 April 2013	173,158
Interest charged at effective interest rate	24,938
Interest payables	(4,317)
At 31 March 2014	**193,779**

31. DEFERRED TAXATION

The Group has tax losses arising in Hong Kong and PRC of approximately HK$16,591,000 (2013: HK$38,785,000). Tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Tax losses arising in PRC may be carried forward for a maximum for five years. Deferred tax assets had not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time, or it is not probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

32. ORDINARY SHARE CAPITAL

	Notes	Number of shares	Nominal value of shares HK$'000
Authorised:			
Ordinary shares of HK$0.01 each			
At 1 April 2012, at 31 March 2013, at 1 April 2013 and at 31 March 2014		10,000,000,000	100,000
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
At 1 April 2012		1,863,830,000	18,638
Issue of shares pursuant to the conversion of convertible preference shares	(a)	1,260,000,000	12,600
At 31 March 2013 and 1 April 2013		3,123,830,000	31,238
Issue of shares pursuant to the placing	(b)	88,200,000	882
Issue of shares pursuant to the conversion of convertible preference shares	(c)	2,066,000,000	20,660
At 31 March 2014		**5,278,030,000**	**52,780**

Notes:

(a) During the year ended 31 March 2013, 1,260,000,000 ordinary shares of HK$0.01 each were issued upon the conversion of the convertible preference shares at a conversion price of HK$0.07 per share.

(b) On 7 June 2013, 88,200,000 shares of HK$0.01 each were issued by way of placing at a price of HK$0.34 per shares each for consideration of HK$29,988,000. The excess of the placing price over the par value of the shares issued was credited to the share premium amount. The shares issued during the year rank pari passu with the existing shares in all respects.

(c) During the year ended 31 March 2014, 2,066,000,000 ordinary shares of HK$0.01 each were issued upon the conversion of the convertible preference shares at a conversion price of HK$0.07 per share.

Share options

Details of the Company's share option scheme are included in Note 34 to the consolidated financial statements.

33. NON-VOTING CONVERTIBLE PREFERENCE SHARES

	Notes	Number of shares	Nominal value of shares HK$'000
Authorised:			
Non-voting convertible preference shares of HK$0.07 each			
At 1 April 2012, at 31 March 2013 and at 1 April 2013 and at 31 March 2014		7,000,000,000	490,000
Issued and fully paid:			
Non-voting convertible preference share of HK$0.07 each:			
At 1 April 2012		7,000,000,000	490,000
Conversion of convertible preference shares	(a)	(1,260,000,000)	(88,200)
At 31 March 2013 and 1 April 2013		5,740,000,000	401,800
Conversion of convertible preference shares	(b)	(2,066,000,000)	(144,620)
At 31 March 2014		**3,674,000,000**	**257,180**

Notes:

(a) During the year ended 31 March 2013, 1,260,000,000 ordinary shares of HK$0.01 each were issued upon the conversion of the convertible preference shares at a conversion price of HK$0.07 per share.

(b) During the year ended 31 March 2014, 2,066,000,000 ordinary shares of HK$0.01 each were issued upon the conversion of the convertible preference shares at a conversion price of HK$0.07 per share.

34. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group. Eligible participants of the Scheme include the part– time or full-time employee, executive or officer of the Group (including the executive and non-executive directors of the Company), business consultants, agents, financial or legal advisers who the board of directors of the Company considers, in its sole discretion, will contribute or have contributed to the Group.

The Scheme became effective on 6 September 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at 29 August 2008. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue as at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue on the date of offer and with an aggregate value (based on the closing price of the Company's shares at the date of the offer) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and, commences after a certain period and, ends on a date which is not later than 10 years from the date of grant.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of grant of the share options; (ii) the average Stock Exchange closing price of the Company's share for the five business days immediately preceding the date of grant; 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.

As at the date of approval of these financial statements, the total number of shares available for issue under the Scheme is 153,383,000 shares representing 10% of the total issued ordinary share capital of the Company on 29 August 2008.

No share option was granted, exercised, cancelled or lapsed under the Scheme during the years ended 31 March 2014 and 2013.

35. RESERVES

The Group

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

The Company

	Share premium amount HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2012	133,488	107,648	(316,031)	(74,895)
Issue of shares pursuant to conversion of convertible preference shares	75,600	–	–	75,600
Loss and total comprehensive loss for the year	–	–	(80,255)	(80,255)
At 31 March 2013 and 1 April 2013	209,088	107,648	(396,286)	(79,550)
Placing of new shares	29,106	–	–	29,106
Issue of shares pursuant to conversion of convertible preference shares	123,960	–	–	123,960
Loss and total comprehensive loss for the year	–	–	(12,026)	(12,026)
At 31 March 2014	**362,154**	**107,648**	**(408,312)**	**61,490**

The Group

The capital reserve of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group Reorganisation in 2004, over the nominal value of the Company's shares issued in exchange therefor.

Under the Companies Law (2004 revision) of the Cayman Islands, the Company's share premium account and capital reserve may be distributed to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

36. DISPOSAL OF SUBSIDIARIES

On 30 September 2013, the Group disposed of its entire equity interests in WH Contractors and WH Interior ("Disposal") which carried out the Group's entire building construction operation and renovation, repairs and maintenance operations respectively.

Analysis of assets and liabilities over which control was lost:

	HK$'000
Prepayments, deposits and other receivables	10
Cash and cash equivalents	108
Accounts payable	(912)
Other payables and accruals	(4,404)
Net liabilities disposed of	(5,198)
Gain on disposal of subsidiaries:	
Transaction costs bore by the Group	(120)
Consideration	100
Net liabilities disposal of	5,198
Gain on disposal	5,178
Net cash inflow/(outflow) on disposal of subsidiaries:	
Consideration received in cash and cash equivalents	100
Less: cash and cash equivalents disposed of	(108)
	(8)

36. DISPOSAL OF SUBSIDIARIES *(Continued)*

On 28 February 2013, the Group disposed of its equity interest in Top Asian Limited to Joint Winner Limited at a consideration of HK$100,000. The disposal of Top Asian Limited was completed on 28 February 2013.

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	484
Accounts receivables	558
Prepayments, deposits and other receivables	1,628
Cash and cash equivalents	31
Accounts payable	(187)
Other payables and accruals	(6,976)
Tax payables	(47)
Net assets disposed of	(4,509)
Gain on disposal of subsidiary:	
Consideration	100
Non-controlling interests derecognised	18,856
Cumulative exchange difference in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of a subsidiary	2,465
Net liabilities disposed of subsidiary	4,509
Gain on disposal	25,930
Net cash inflow/(outflow) on disposal of a subsidiary:	
Consideration received in cash and cash equivalents	100
Less: cash and cash equivalents disposed of	(31)
	69

For the period from 1 April 2012 to the date of disposal, Top Asian Limited and its subsidiaries (the "Disposal Group") were engaged in provision of rail transit value-added services through LCD displays located at the ticketing office of each station in the PRC. The turnover contributed by the Disposal Group was approximately HK$258,000 and loss of approximately HK$3,598,000 was recognised in the Group's loss for the year ended 31 March 2013.

37. CONTINGENT LIABILITIES

Saved as disclosed below and elsewhere in the consolidated financial statements, as at 31 March 2014, the Group and the Company had no other material contingent liabilities.

(a) On 7 August 2002, a High Court action had commenced by a subcontractor against a subsidiary of the Company in respect of (i) a claim of subcontracting fees and material costs of approximately HK$31,300,000; and (ii) a compensation claim of approximately HK$191,200,000 for the improper termination of a subcontracting contract. On 13 September 2002, an agreement was reached between the subsidiary of the Group and the subcontractor that the High Court action was withdrawn and all the disputes between the parties relating to this action were referred to arbitration. In the statement of claim for the arbitration, the subcontractor revised the claim of subcontracting fees and material costs and compensation claim to approximately HK$42,600,000 and HK$84,400,000, respectively. On 9 July 2005, a writ of summons was issued and the proceedings were transferred to the Court of First Instance. The subcontractor further revised the claim of subcontracting fees and material costs and compensation claim to approximately HK$56,000,000 and HK$278,100,000 respectively.

(b) On 26 July 2005, a High Court action was commenced by a subcontracted party of a subcontractor of the Group (the "Subcontracted Party") against a subsidiary of the Company and the subcontractor, which is in liquidation, in respect of a claim of subcontracting fees and material costs of approximately HK$20,500,000 relating to a maintenance term contract. On 25 April 2006, the Subcontracted Party substantially revised its statement of claim and the total amount of claim was revised to approximately HK$14,241,000.

(c) On 26 October 2010, a subsidiary of the Company received a statement of claim from a subcontractor in respect of a claim against the subsidiary of the Company in respect of the construction project at No. 60 Victoria Road project. The amount of claim was approximately HK$204,000 and no counterclaim at present. On 4 January 2012, the arbitrator ordered that the amount of recoverable legal costs should be limited at the sum of HK$310,000.

In the opinion of the directors, based on legal advice, the subsidiary of the Company has valid defences against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the consolidated financial statements.

Moreover, on 30 September 2013, the Group disposed of its entire equity interests in WH Contractors and WH Interior ("Disposal Group") which the contingent liabilities showed above attributable to Disposal Group. The Group had no other material contingent liabilities as at 31 March 2014.

38. OPERATING LEASE COMMITMENTS

The Group leases office premises under operating lease arrangements, with leases negotiated for terms ranging from one to two years.

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	**58**	139
In the second to fifth years inclusive	**–**	58
	58	197

39. MATERIAL RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

	The Group	
	2014	2013
	HK$'000	HK$'000
Salaries and other short-term employee benefits paid to key management personnel	**471**	1,135
Finance cost incurred from other loan/shareholder's loans	**1,480**	95
Settlement of shareholder's loans	**21,875**	10,299

(b) Outstanding balances with related parties

As disclosed in the consolidated statement of financial position, the Group had an outstanding balance which amounted to approximately HK$20,727,000, due to the Company's former director who indirectly held shareholding of the Company as at 31 March 2014. The terms of the other loan has been included in Note 30 to the consolidated financial statements.

As at 31 March 2013, shareholders' loan amounting to approximately HK$40,722,000 was granted by a shareholder of the Company, Rich Place Investment Limited. The terms of the shareholders' loans are included in Note 29 to the consolidated financial statements.

40. NON-CASH TRANSACTIONS

During the year ended 31 March 2014, shareholder loan which represents amount due to Rich Place, has been assigned to Marco Benefit Limited and reclassified as other loan which amounted to approximately HK$20,727,000 as at 31 March 2014.

During the year ended 31 March 2013, amount due to Mr. Hui Chi Yang, Samson of HK$4,354,000, amount due to Mr. Hui Chi Yung of HK$1,625,000 and amount due to Ms. Chu Yuen Lam of HK$2,772,000 were assigned to Rich Place, a shareholder of the Company.

During the year ended 31 March 2013, loan from a shareholder of HK$1,850,000 was capitalised as reserves of the Company.

41. EVENTS AFTER THE REPORTING PERIOD

On 27 March 2014, the Group announced a wholly owned subsidiary of the Company entered into the Sale and Purchase Agreement with i-Marker Global Corporation to acquire the entire issued share capital of the i-Marker Culture & Media Investments Limited. Up to the date of this financial statements authorised, the acquisition has not been completed.

On 30 May 2014, the Group terminated the Cooperation Framework Agreement with Fragrant River Entertainment Investment Limited, a wholly owned subsidiary of Universe International Holdings Limited, with reference to the announcement of the Company dated 18 December 2013.

On 2 June 2014, the promissory notes holders both agreed in writing to extend the maturity dates of those promissory notes to 30 September 2015. The gains on extinguishment of financial liabilities are expected to be approximately HK$22,266,000.

42. COMPARATIVE FIGURES

Certain comparative figures have been re-presented to conform to current year's presentation.

43. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 June 2014.

Summary of Financial Information

For the year ended 31 March 2014

RESULTS

	Year ended 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000 (Re-presented)	HK$'000	HK$'000	HK$'000
Turnover	**2,951**	6,677	28,754	47,232	147,684
Loss from operations	**(163,495)**	(70,523)	(44,104)	(26,382)	(89,434)
Finance costs	**(26,418)**	(17,793)	(1,046)	(258)	(1,997)
Loss before tax	**(189,913)**	(88,316)	(45,150)	(26,640)	(91,431)
Taxation	**(1,814)**	–	(329)	–	(255)
Loss after tax	**(191,727)**	(88,316)	(45,479)	(26,640)	(91,686)
Discontinued operation	**(11,974)**	(2,599)	–	–	–
Loss for the year	**(203,701)**	(90,915)	(45,479)	(26,640)	(91,686)
Attributable to:					
Owners of the Company	**(203,701)**	(89,881)	(41,150)	(21,534)	(87,310)
Non-controlling interests	**–**	(1,034)	(4,329)	(5,106)	(4,376)
Loss for the year	**(203,701)**	(90,915)	(45,479)	(26,640)	(91,686)

ASSETS AND LIABILITIES

	As at 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total Assets	**415,458**	586,686	725,096	89,634	171,028
Total Liabilities	**(230,957)**	(228,104)	(256,501)	(85,483)	(144,560)
Non-controlling interest	**–**	–	(19,882)	(26,082)	(29,740)
Net assets/(liabilities)	**184,501**	358,582	448,713	(21,931)	(3,272)