Sun International Resources Limited

太陽國際資源有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8029

Ride for the success

Annual Report 2014

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GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached other than companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Cheng Ting Kong *(Chairman)*
Cheng Mei Ching
Lee Chi Shing, Caesar
Lo Kai Bong
Lui Man Wah

Independent Non-Executive Directors

Chan Tin Lup, Trevor
Tou Kin Chuen
Wang Zhigang

AUDIT COMMITTEE

Tou Kin Chuen *(Chairman)*
Chan Tin Lup, Trevor
Wang Zhigang

REMUNERATION COMMITTEE

Chan Tin Lup, Trevor *(Chairman)*
Tou Kin Chuen
Wang Zhigang

COMPANY SECRETARY

Lee Chi Shing, Caesar

COMPLIANCE OFFICER

Lee Chi Shing, Caesar

AUTHORIZED REPRESENTATIVES

Cheng Ting Kong
Lee Chi Shing, Caesar

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 2416-2418, 24/F
China Merchants Tower,
Shun Tak Centre,
168-200 Connaught Road Central,
Hong Kong

AUDITOR

Andes Glacier CPA Limited
Unit 1, 20/F., Malaysia Building,
50 Gloucester Road,
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND OFFICE

Butterfield Fund Services (Cayman) Limited
P.O. Box 705 GT, Butterfield House
68 Fort Street, George Town
Grand Cayman, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Banco de Oro Unibank, Inc
Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

STOCK CODE

8029

WEBSITE

www.sun8029.com

FINANCIAL HIGHLIGHTS

– The Company and its subsidiaries (the "Group") recorded a turnover of approximately HK$187,600,000 for the year ended 31 March 2014.

– Gross profit was HK$109,700,000 for the year ended 31 March 2014.

– Loss attributable to shareholders was HK$338,869,000 for the year ended 31 March 2014.

– No final dividend was proposed by the Directors for the year ended 31 March 2014.

– As at 31 March 2014, the Group had bank balances and cash amounting to approximately HK$65,100,000.

CHAIRMAN'S STATEMENT

For the year ended 31 March 2014, the Group recorded a turnover of HK$187,600,000 which was decreased 22% compared to the turnover of approximately HK$239,700,000 in the last fiscal year. The loss attributable to shareholders has been increased from approximately HK$327,543,000 recorded in the year ended 31 March 2013 to a loss of HK$338,869,000. The loss in last year was mainly due to impairment loss arising from change in fair value of intangible assets, goodwill and investment properties of the Group.

Going forward, I have confidence about the prospects of the market for the computer software solution and related services businesses.

Finally, on behalf of the Directors of the Group, I would like to express our sincere appreciation to the management and staff of the company for their dedication and hard work throughout the year as well as to shareholders and business partners for their commitment and continuous support.

Cheng Ting Kong
Chairman

Hong Kong, 30 June 2014

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The Group recorded a turnover of approximately HK$187,600,000 for the year ended 31 March 2014 which was decreased 22% compared to the turnover of approximately HK$239,700,000 in the last fiscal year. The revenue was mainly generated from the subsidiaries engaging in information technology related businesses, hotel businesses, equine services businesses and entertainment businesses. The decrease in turnover was mainly due to income generated from computer services business and hotel businesses.

The direct costs were increased to approximately HK$78,000,000 from approximately HK$64,000,000 recorded during last year. The decrease of 37% in gross profit percentage was mainly due to the decrease in sales turnover and the increase in direct cost generated from hotel, mining and computer services businesses. The staff costs were increased to approximately HK$54,670,000 (2013: HK$42,520,000). The increase was mainly due to introduction of equine services business during the financial year.

Administrative expenses made an increase of 125% to approximately HK$185,000,000 compared to HK$82,000,000 in 2013. The increase was mainly due to introduction of equine services business during the financial year.

The net loss of the Group for the year ended 31 March 2014 was approximately HK$554,000,000 as compared with the net loss of approximately HK$534,800,000 of the last fiscal year. The reason of the loss was mainly due to impairment adjustments arising from change in fair value of intangible assets and goodwill for the financial year.

GEARING RATIO

The gearing ratio, is calculated as borrowings divided by total equity, was approximately 45.8% (31 March 2013: 19%).

CAPITAL STRUCTURE

Movements in share capital are reflected in note 36 to the consolidated financial statements.

EMPLOYEE INFORMATION

The total number of employees was 349 as at 31 March 2014 (2013: 412), and the total remuneration for the year ended 31 March 2014 was approximately HK$54,670,000 (2013: HK$42,520,000). The Group's remuneration policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident fund, are also provided to employees where appropriate. Discretionary bonus is linked to performance of the individual on case by case basis. The Group may offer share options to reward employees who make significant contributions, in order to retain key and crucial staff. The remuneration policy of the Group is reviewed and approved by the Remuneration Committee as well as by the Board.

CONTINGENT LIABILITIES

As at 31 March 2014, the Group did not have significant contingent liabilities (2013: Nil).

Management Discussion and Analysis

FOREIGN EXCHANGE EXPOSURE

The income and expenditure of the Group are denominated in Hong Kong Dollars, Indonesian Rupiah, PESO, Renminbi and Australian Dollars, the impact of foreign exchange exposure of the Group were considered minimal. Hence, no hedging or other arrangements to reduce the currency risk have been implemented.

REVENUE

Revenue represents the net amounts received and receivable from services provided, goods sold, rental income and mining businesses by the Group to outside customers.

DIVIDEND

No final dividend was proposed by the Directors for the year ended 31 March 2014 (2013: Nil).

BUSINESS REVIEW

For the year ended under review, the demand for natural resources remains stable. Prior to 2008, the Group was principally engaged in investment holding, hotel services and computer software solution. The acquisition of Gold Track Mining and Resources Limited, and Gold Track Coal and Mining Limited were completed on 17 July 2009 and 1 March 2010 respectively. They were located in the city of Solok, Sumatera Province and the city of Endes, East Nusa Tenggara Province. On 27 March 2011, the Group acquired 35% of Yuet Sing Group Limited ("Yuet Sing") as associates. Yuet Sing holds 100% of Risheng Century (Hubei) Mining Company Limited, which is engaged in vanadium mining and exploitation at Jingyang town, Jianshi County, Hubei Province, PRC. These will provide a great potential for the business growth as the Group is able to step into the natural resources business.

Following the acquisition of Loyal King Investments Limited and its subsidiaries (the "Loyal King Group"), the Group is able to explore into the development of entertainment and gaming activities. With the strong and competent information technology staff of the Loyal King Group, the Group is able to maintain a stable income from the business.

For the operation of the resort hotel in Cagayan, Philippines, the Group aims at improving the occupancy rate of the resort by inputting cost and resources for continuous advertising and marketing expenditures for sales promotion. The relevant action plan comprises using of brochures, leaflets, TV broadcasting, road posters, LED screen as promotion media, and making agreement with travel agency for advertising purpose.

The Group has taken steps for market research on the current demand and expectation of online game customers. The related sales and promotion advertising activities has been adopted through internet and other medium platform.

By the acquisition of assets of Eliza Park Pty. Limited by Eliza Park International Pty. Limited in August 2013, the Group had entered into the horse trading and stud business in Australia. As the demand for race horses has covered quickly since 2008, due to the resuming economies, latest development of horse racing business particularly in Asia and the increasing prize sums for races in Australia, the Group would contribute to a great extent by offering its clientele a total range of thoroughbred related services, including breeding, rearing, sales, agistment, spelling, education, administration advice and training.

Management Discussion and Analysis

OPERATIONS REVIEW

Minerals operation

Contribution of minerals operation to the Group's turnover accounted for approximately HK$3,700,000 (2013: HK$9,700,000) a decrease of approximately 62% when compared with last year. The decrease of turnover was due to suspension of operation of stock of iron ores during the year. The minerals operation recorded a loss of approximately HK$560,500,000 (2013: HK$571,500,000) from sales of iron ore extracted from the Mines located in Indonesia. The substantial loss was due to impairment adjustments in fair value of intangible assets.

Reserve of iron-ore

There is no material change in the estimated volume, tonnage and grade of the iron-ore resource situated at the mines in Padang and Ende, Indonesia during the year.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 March 2014, the Group had current assets of approximately HK$309,000,000 (2013: HK$293,000,000). The Group's current ratio, calculated on the basis of current assets of approximately HK$309,000,000 (2013: HK$293,000,000) over current liabilities of approximately HK$266,000,000 (2013: HK$89,000,000) was at level of approximately 1.2:1 (2013: 3:1). The bank balances as at 31 March 2014 was approximately HK$65,000,000 as compared to the balance of approximately HK$173,000,000 as at 31 March 2013. The Group had interest-bearing borrowing of approximately HK$101,200,000 (2013: Nil) at the end of the financial year.

The Group had redeemed the convertible notes in equivalent amount of RMB38,600,000 (2013: RMB34,600,000) which was the outstanding principal amount plus 5% accretion and calculated interest thereon. At the end of the financial year, the equity attributable to Company's equity owners amounting to approximately HK$596,000,000 (2013: HK$893,000,000), representing a decrease of approximately 33% compared to 2013.

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Results Analysis

During the financial year ended March 31, 2014 (the "Financial Year"), we continued our business on different categories such as development of new on-line games, promotion of hotel services, review of the new trend and technology of mining business, respectively.

Management Discussion and Analysis

Operation

Stable revenue will be expected from computer services and hotel businesses for the coming year as the Group will continue to take very effort on expanding potential market shares for the existing businesses.

The finance costs

The Group recorded a finance costs approximately HK$17,000,000 (2013: HK$5,700,000) for the year ended 31 March 2014, representing an increase of HK$11,300,000 compared to that in the last fiscal year. The finance cost was mainly for convertible notes and interest bearing borrowings.

Convertible Notes

During the financial year, the Group had redeemed the outstanding principal amount of the convertible notes RMB33,000,000 (2013: RMB32,000,000) at an interest rate of 8% per annum, payable annually in arrears to provide for general working capital.

Loss attributable to the equity holders of the Company

For the current financial year, the Group recorded a loss attributable to the equity holders of the Company of HK$338,900,000 (2013: a profit of HK$327,500,000).

Prospects

The major business activities of the Group include hotel resort, information technology service and mining during the financial year.

The Group continues to operate and allocate resources to hotel and information technology service as they can provide income to the Group.

Due to the announced Regulations in Indonesia concerning provisions of mining product export No. 29/M-DAG/Per/r/2012 and No. 574.K/30/DJB/2012, iron ores produced from the Two Iron Mines in Padang and Ende are not allowed to be exported from Indonesia, instead, they can only be sold locally before obtaining the Export Approvals. In view that the selling price of iron ores in the local market of Indonesia cannot sufficiently and effectively compensate the production costs of the Two Iron Mines, the Board has decided to suspend the operation of the Two Iron Mines pending the grant of the Export Approvals or change of laws in Indonesia to a favourable condition for the operation of the Two Iron Mines.

The board has been actively seeking opportunities to diversify the business scope and broaden the revenue base of the Group. In August 2013, the Group had completed a purchase of one of Australia's largest stud farms, Eliza Park, in offering its clientele a total range of thoroughbred related services, including breeding, rearing, sales, agistment, spelling, education, administration advice and training.

Future plans include the purchase of bloodstock from the global marketplace, which would then be raised and traded when they reached a certain age. In addition, a research will be launched for building new pre-training and racing facilities which will include an uphill, all-weather, undercover training track, along with the training infrastructure. Eliza Park International Pty. Limited has every intention of living up to its name by taking its brand to the global stage.

RESOURCE ESTIMATE OF MINING ACTIVITIES

According to the technical reports, the latest resource estimate of the Mines are as follows:

A) Iron Ore

Location: Air Abu village, Solok county, Padang province, Sumatra, Indonesia

CATEGORY	TONNES (Million)	GRADE TFe (%)	MFe (%)
Target	3.0–3.7	35–40	27–33
Inferred	1.2	38.3	30.8

Location: Ende Regency, East Nusa Tenggara, Indonesia

CATEGORY	TONNES (kt)	GRADE TFe (%)	MFe (%)
Indicated	33,696	28.51	21.44
Inferred	4,424	29.8	22.89

B) Vanadium (V_20_5) Ore and White Carbon Black (SiO_2) Ore

Location: Jingyang Town, Jianshi Country, Hubei Province, China

CATEGORY	TONNES (kt)	V_20_5 (%)	TONNES (kt)	SiO_2 (%)
Measured	20	1.034	–	–
Indicated	5,496	0.765	59,368	48.06
Inferred	1,316	0.810	23,724	46.85

PRODUCTION AND REVENUE OF MINING ACTIVITIES

Due to the announced Regulations in Indonesia concerning provisions of mining product export No. 29/M-DAG/Per/r/2012 and No. 574.K/30/DJB/2012, iron ores produced from the Two Iron Mines in Padang and Ende are not allowed to be exported from Indonesia, instead, they can only be sold locally before obtaining the Export Approvals. In view that the selling price of iron ores in the local market of Indonesia cannot sufficiently and effectively compensate the production costs of the Two Iron Mines, the Board has decided to suspend the operation of the Two Iron Mines pending the grant of the Export Approvals or change of laws in Indonesia to a favourable condition for the operation of the Two Iron Mines.

No mining production of iron ore were recorded for the Group for the twelve months ended 31 March 2014 as compared with 23,000 tons produced for the same period in last fiscal year. A revenue of HK$5.2 million with sales volume of 11,000 tons was mainly the selling of stock of iron ores during the reporting year.

RISK FACTORS

Cyclical macro and industrial environment

The iron ore market is cyclical nature. Its price fluctuates from time to time, and often determined by global economic and political situation, in particular, interest rate, commodities market, countries policy makers, especially the policies of USA and China. Besides, the growth of the industries including iron and steel making which are the users of iron ore, also affect the demand of iron ore.

Take time to complete the expansion projects

A mining project faces a lot of uncertainties and it takes time to complete the project. During the execution of the project, probably there are some unexpected events such as unfavorable weather, high inflation, attitude of local government officers, change of government regulations and difficulty of road transportation. All these events may delay the progress and the economic benefits of the project.

Continuous expansion requires long term capital financing

The development projects and expansion of production capacities require additional capital to finance these activities. These projects are often mid to long term nature, probably over 1 year. Therefore, stable source of long term financing with low cost of borrowing is critical to our future capital investment in the mining business.

There is no assurance that we can obtain the stable source of long term capital with low cost.

Country Risk

The mining business is mainly operated in Indonesia. Being one of the emerging markets, Indonesia definitely provides many opportunities to investors. However, like doing business in other developing countries, we also have risk of the uncertainties of their political, social and economic policies.

There is no assurance that the current favorable policies remain unchanged in the near future. The future changes at the country level probably may have adverse effect to our business.

OUTLOOK AND DEVELOPMENT

The board of directors has always tried its best to improve the efficiency and effectiveness of the operation so as to enhance the group value.

BUSINESS DEVELOPMENT

The board has been actively seeking opportunities to diversify the business scope and broaden the revenue base of the Group. In August 2013, the Group had completed a purchase of one of Australia's largest stud farms, Eliza Park, in offering its clientele a total range of thoroughbred related services, including breeding, rearing, sales, agistment, spelling, education, administration advice and training.

Future plans include the purchase of bloodstock from the global marketplace, which would then be raised and traded when they reached a certain age. In addition, a research will be launched for building new pre-training and racing facilities which will include an uphill, all-weather, undercover training track, along with the training infrastructure. Eliza Park International Pty. Limited has every intention of living up to its name by taking its brand to the global stage.

DIRECTORS AND STAFF

EXECUTIVE DIRECTORS

Mr. Cheng Ting Kong, aged 39, was appointed as the Chairman and executive Director on 5 July 2013. Mr. Cheng is also the chairman and executive director of JF Household Furnishings Limited (Stock code: 776), a company listed on the main board of the Stock Exchange. Mr. Cheng has extensive experience in corporate management and investment. Prior to his appointment as the Chairman and the executive Director, Mr. Cheng was the senior manager of the Company.

Ms. Cheng Mei Ching, aged 32, is the Executive Director of the Company and Sun Century Group Limited (Stock code: 1383), holds a bachelors degree in commerce (marketing and advertising) from Curtin University of Technology in Perth, Western Australia. Ms. Cheng has over the past adopted a pragmatic and proactive management approach; and delivered solid performance in various areas, in particular corporate management and internal control.

Mr. Lee Chi Shing, Caesar, aged 50, an executive Director, has experience in corporate management and internal control. He was an executive director of Tanrich Financial Holdings Limited, a company listed on the main board of the Stock Exchange, from 1 November 2004 to 29 June 2005. In 2000, he joined Ernst and Young, an international accounting firm, as a senior manager. He has worked in Hong Kong's Inland Revenue Department for over 15 years after his graduation from university. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. In addition, he is a member of the Society of Registered Financial Planners. Mr. Lee graduated from the Department of Accountancy of the Hong Kong Polytechnic University in 1985. He later obtained a Master's Degree in International Accountancy in 2001.

Mr. Lo Kai Bong, aged 35, has obtained a Bachelor of Arts degree from the University of Winnipeg in Canada. Prior to his appointment as an executive Director, Mr. Lo was appointed as an executive director of Enterprise Development Holdings Limited (formerly known as Tai-I International Holdings Limited) (stock code: 1808) from 30 March 2011 to 13 February 2012. He also served as an executive director of Carnival Group International Holdings Limited (formerly known as Oriental Ginza Holdings Limited) (stock code: 996) from 7 March 2012 to 31 July 2012. Mr. Lo served as a director of Telecom Business of CEC Telecom Co., Ltd. (a wholly-owned subsidiary of Qiao Xing Mobile Communication Co., Ltd. (NYSE: QXM)) from 2003 to 2009 and as the Senior Vice President of CEC Telecom Co., Ltd. from 2005 to 2009.

Mr. Lui Man Wah, aged 31, has over 5 years of experience in financial institutions. He obtained a Bachelor of Arts degree in business studies from the Hong Kong Polytechnic University in 2004 and obtained a Master of Commerce degree from Macquarie University in 2005. Prior to his appointment as an executive Director, Mr. Lui served as an executive director of JF Household Furnishings Limited (stock code: 776) from 5 October 2012 to 8 July 2013. He was also appointed as an independent non-executive director of Sun Century Group Limited (stock code: 1383) from 20 February 2012 to 31 July 2012. From December 2009 to October 2010, he was the Institutional Sales Manager of the Securities Department of Cinda International Limited. From December 2008 to June 2009, he was the Vice President of the Securities Department of Polaris Securities (HK) Limited.

Directors and Staff

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tou Kin Chuen, aged 37, is the independent non-executive director of the Company and Sun Century Group Limited (Stock code: 1383), is the principal of Roger K.C. Tou & Co., Mr. Tou graduated from the Hong Kong Shue Yan University (formerly known as Hong Kong Shue Yan College) with a Honours Diploma in Accounting in 2001. He is experienced in audit, taxation, company secretarial, insolvency and finance for over 15 years. Mr. Tou is a member of the Hong Kong Institute of Certified Public Accountants and an associate of the Taxation Institute of Hong Kong.

Mr. Chan Tin Lup, Trevor, aged 54, was born in Hong Kong and has been in the legal field for over 20 years. He received his law degree from the University of London and his Postgraduate Diploma in Legal Practice from the University of Wolverhampton with commendation. Mr. Chan has been an independent non-executive director of National Arts Holdings Limited (Stock Code: 8228), a company registered in Bermuda and the shares of which are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited, since 13 May 2009.

Mr. Wang Zhigang, aged 55, obtained his graduation certificate from 山東礦業學院 (unofficial English translation being Shandong Institute of Mining and Technology) in 1982 and his Master in Mine Construction Engineering (礦山建設工程) from China University of Mining and Technology (中國礦業大學) in 1994. Mr. Wang has participated in the Business Administration Training Programme (工商管理培訓班) organized by Tsinghua University (清華大學) and has obtained a completion certificate in 2002. Mr. Wang is the executive director of 兗礦集團鄒城設計研究院有限公司 (unofficial English translation being Yankuang Group Zoucheng Huajian Design Research Company Limited) since 2005. Mr. Wang was the deputy manager of 兗州礦業（集團）有限公司 (unofficial English translation being Yankuang Group Corporation Limited) since 1999. Mr. Wang has obtained the qualification of Senior Engineer (高級工程師) in 1994.

QUALIFIED ACCOUNTANT

Mr. Chung Sze Fat, aged 50, has been appointed as the qualified accountant of the Company with effect from 8 June 2011. Mr. Chung is the member of Hong Kong Institute of Certified Public Accountants and the fellow member of the Association of Chartered Certified Accountants. He has over 20 years' working experience in financial accounting, management accounting and internal control.

DIRECTORS' REPORT

The directors would like to present the annual report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities and other details of its subsidiaries are set out in note 20 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 33.

No final dividends was proposed by the Directors for the reporting year.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 106.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property, plant and equipment and investment properties of the Group are set out in note 18 and note 19 to the consolidated financial statements respectively.

SHARE CAPITAL AND SHARE OPTIONS

Details of the authorised and issued share capital and share options of the Company are set out in notes 36 and 38 respectively to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 37 and in note 37 to the financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

No reserve is available for distribution to shareholders as at 31 March 2014 of the Company (2013: HK$Nil).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive directors:

Mr. Cheng Ting Kong *(Chairman)*
Ms. Cheng Mei Ching
Mr. Lee Chi Shing, Caesar
Mr. Lo Kai Bong
Mr. Lui Man Wah

Independent non-executive directors:

Mr. Chan Tin Lup, Trevor
Mr. Tou Kin Chuen
Mr. Wang Zhigang

In accordance with Article 108 of the Company's Article of Association, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen, Mr. Wang Zhigang and Ms. Cheng Mei Ching will retire by rotation. All of these retiring directors, being eligible, offer themselves for re-election.

Each executive director has entered into a service contract with the Company with effect from the date of appointment and will continue thereafter unless and until terminated by either party by giving not less than one-month prior written notice to the other.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2014, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as required, pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(1) Long positions in the shares of the Company

Ordinary share of HK$0.08 each of the Company

Name of Director	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Mr. Chau Cheok Wa	Corporate *(Note)*	327,964,145	Interest of a controlled corporation	47.14%
Mr. Lo Kai Bong	Personal	3,320,000	Beneficial owner	0.48%
Mr. Lee Chi Shing, Caesar	Personal	375,000	Beneficial owner	0.05%

Note: These ordinary shares are held by First Cheer Holdings Limited. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Chau Cheok Wa, as to 50% by Mr. Cheng Ting Kong.

(2) Long positions in the underlying shares of the Company

Pursuant to the new share option scheme adopted by the Company on 5 December 2006 (the "New Scheme"), several Directors in the capacity as beneficial owner were granted share options to subscribe for shares of the Company, details of which as at 31 March 2014 were as follows:

Name of Director	Date of grant	Number of share options	Exercised during the year	Share option lapsed	Exercise price of share options HK$	Exercise period from	until	Number of options outstanding as at 31 March 2014
Mr. Chau Cheok Wa	25/11/2010	625,625	–	–	2.24	25/11/2010	24/11/2020	625,625
Ms. Cheng Mei Ching	9/2/2010	5,746,154	–	–	1.3	9/2/2010	8/2/2020	5,746,154
	25/11/2010	6,290,625	–	–	2.24	25/11/2010	24/11/2020	6,290,625
Mr. Lee Chi Shing, Caesar	19/8/2008	5,754,940	–	–	1.66	19/08/2008	18/08/2018	5,754,940
	9/2/2010	5,746,154	–	–	1.3	9/2/2010	8/2/2020	5,746,154
	25/11/2010	6,290,625	–	–	2.24	25/11/2010	24/11/2020	6,290,625

Save as disclosed above, during the year ended 31 March 2014, the Company grant no new share option for the Directors or their respective associates to subscribe for shares of the Company and had not been exercised such rights.

Save as disclosed above, during the year ended 31 March 2014, none of the Directors or Chief Executive of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the section headed "Related Party Transactions" in this report and in note 42 to the financial statements, no other contracts of significance to which the Company, its holding companies or any of its subsidiaries was a party and in which a director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

RELATED PARTY AND CONNECTED TRANSACTIONS

Details of the significant related party and connected transactions of the Group are set out in note 42 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or Chief Executives of the Company, as at 31 March 2014, the following person or corporations had equity interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the shares of the Company

Ordinary share of HK$0.08 each of the Company

Name of Shareholders	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
First Cheer Holdings Limited *(Note 1)*	Corporate	327,338,520	Beneficial owner	47.05%
Cheng Ting Kong *(Note 1)*	Corporate	327,338,520	Interest of a controlled corporation	47.05%
Chau Cheok Wa *(Note 1)*	Corporate	327,338,520	Interest of a controlled corporation	47.05%
Raywell Holdings Limited *(Note 2)*	Corporate	67,715,000	Beneficial owner	9.73%
Yeung Hak Kan *(Note 2)*	Corporate	67,715,000	Interest of a controlled corporation	9.73%

Notes:

1. First Cheer Holdings Limited is beneficially owned as to 50% by Mr. Cheng Ting Kong and as to 50% by Mr. Chau Cheok Wa. Accordingly, both Mr. Cheng Ting Kong and Mr. Chau Cheok Wa are deemed under the SFO to be interested in the 327,338,520 shares beneficial owned by First Cheer Holdings Limited.

2. Raywell Holdings Limited is wholly and beneficially owned by Mr. Yeung Hak Kan. Accordingly, Mr. Yeung Hak Kan is deemed under the SFO to be interested in the 67,715,000 shares beneficially owned by Raywell Holdings Limited.

Save as disclosed above, as at 31 March 2014, the Company was not notified of any other relevant interests or short positions in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

COMPETITION AND CONFLICT OF INTERESTS

None of the directors, the management shareholders (as defined in the GEM Listing Rules) or the substantial shareholders of the Company, or any of their respective associates, has engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interests with the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor the Chief Executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, any person or entity providing research, development or other technological support to the Group, and any other person or entity determined by the directors as having contributed or may contribute to the development and growth of the Group. The Company has two share option schemes, one was adopted on 29 November 2000 and expired in 2010 and another one was adopted on 5 December 2006 (the "New Scheme").

New Scheme

On 5 December 2006, the Company adopted a new share option scheme. The New Scheme became valid and effective for a period of ten years commencing from the adoption of the New Scheme, after which period no further options will be granted but the provisions of the New Scheme shall remain in full force and effect in all other respects.

The participants of the New Scheme to whom options may be granted by the Board shall include any director, employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group whom the Board in its sole discretion considers eligible for the New Scheme on the basis of his/her contribution to the development and growth of the Group.

No participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12 month period up to and including the date of grant to such participant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting. The number and terms of options to be granted to each grantee must be fixed before the shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company (the "Scheme Mandate Limit") shall not exceed 10% of the total number of Shares in issue unless the Company obtains a fresh approval from its shareholders pursuant to the approval of the shareholders in general meetings. At 31 March 2014, the number of shares issuable under share options granted under the Share Option Plan was 158,898,169, which represented approximately 24% of the Company's shares in issue as at that date. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes shall not exceed 30% of the shares of the Company from time to time.

The offer of a grant of share options may be accepted within 14 days after the date on which the offer becomes or is declared unconditional. The exercise period of the share options granted is determinable by the board of directors, and commences on any date after the date of grant and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the New Scheme, if earlier.

The exercise price of share options is determined by the board of directors, but may not be less than the higher of (i) the closing price of the Company's shares on the GEM of the Stock Exchange on the date of grant of the option; (ii) the average of the closing prices of the Company's shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company.

The Company will comply with the disclosure requirements under Chapter 23 of the GEM Listing Rules, including without limitation disclosures in the annual and interim reports of the Company including details of the options granted to the following persons: (i) each of the connected person; (ii) each participant with options granted in excess of the limit; (iii) aggregate figures for the employees; (iv) aggregate figures for supplier of goods or services; and (v) all other participants as an aggregate whole.

Directors' Report

Category participants	Date of grant	Exercise price HK$	2014 Adjusted exercise price HK$	Exercise period	Number of share options: Outstanding at 1 April 2012	Grant during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2013	Grant during the year	Exercise during the year	Lapsed during the year	Adjusted during the year *(note 3)*	Outstanding at 31 March 2014 *(note 4)*
Mr. Chau Cheok Wa	25.11.2010	1.540	2.240	25.11.2010-24.11.2020	910,000	–	–	–	910,000	–	–	–	(284,375)	625,625
					910,000	–	–	–	910,000	–	–	–	(284,375)	625,625
Mr. Lee Chi Shing, Caesar	19.08.2008	1.140	1.660	19.08.2008-18.08.2018	8,380,000	–	–	–	8,380,000	–	–	–	(2,625,060)	5,754,940
	09.02.2010	0.900	1.300	09.02.2010-08.02.2020	8,300,000	–	–	–	8,300,000	–	–	–	(2,553,846)	5,746,154
	25.11.2010	1.540	2.240	25.11.2010-24.11.2020	9,150,000	–	–	–	9,150,000	–	–	–	(2,859,375)	6,290,625
					25,830,000	–	–	–	25,830,000	–	–	–	(8,038,281)	17,791,719
Ms. Cheng Mei Ching	09.02.2010	0.900	1.300	09.02.2010-08.02.2020	8,300,000	–	–	–	8,300,000	–	–	–	(2,553,846)	5,746,154
	25.11.2010	1.540	2.240	25.11.2010-24.11.2020	9,150,000	–	–	–	9,150,000	–	–	–	(2,859,375)	6,290,625
					17,450,000	–	–	–	17,450,000	–	–	–	(5,413,221)	12,036,779
Consultants in aggregate	13.08.2007	0.760	1.100	13.08.2007-12.08.2017	17,450,000	–	–	–	17,450,000	–	–	–	(5,393,636)	12,056,364
	17.08.2007	0.720	1.040	17.08.2007-16.08.2017	9,600,000	–	–	–	9,600,000	–	–	–	(2,953,846)	6,646,154
	21.08.2007	0.690	1.000	21.08.2007-20.08.2017	9,600,000	–	–	–	9,600,000	–	–	–	(2,976,000)	6,624,000
	19.08.2008	1.140	1.660	19.08.2008-18.08.2018	53,860,000	–	–	–	53,860,000	–	–	–	(16,871,807)	36,988,193
	27.08.2008	1.160	1.680	27.08.2008-26.08.2018	4,800,000	–	–	–	4,800,000	–	–	–	(1,485,714)	3,314,286
	16.12.2009	0.740	1.080	16.12.2009-15.12.2019	20,900,000	–	–	–	20,900,000	–	–	–	(6,579,630)	14,320,370
	25.11.2010	1.540	2.240	25.11.2010-24.11.2020	19,210,000	–	–	–	19,210,000	–	–	–	(6,003,125)	13,206,875
	07.12.2010	1.740	2.520	07.12.2010-06.07.2020	9,150,000	–	–	–	9,150,000	–	–	–	(2,832,143)	6,317,857
					144,570,000	–	–	–	144,570,000	–	–	–	(45,095,901)	99,474,099
Other employees in aggregate	19.08.2008	1.140	1.660	19.08.2008-18.08.2018	4,190,000	–	–	–	4,190,000	–	–	–	(1,312,530)	2,877,470
	16.12.2009	0.740	1.080	16.12.2009-15.12.2019	28,900,000	–	–	–	28,900,000	–	–	–	(9,098,148)	19,801,852
	25.11.2010	1.540	2.240	25.11.2010-24.11.2020	9,150,000	–	–	–	9,150,000	–	–	–	(2,859,375)	6,290,625
					42,240,000	–	–	–	42,240,000	–	–	–	(13,270,053)	28,969,947
					231,000,000	–	–	–	231,000,000	–	–	–	(72,101,831)	158,898,169

Notes:

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

(2) The exercise price of the share option is subject to adjustment in the case of a capitalization issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

(3) The year 2014 exercise price of the share option has been adjusted to take into account the impact of open offer and the share consolidation completed in 2014.

(4) These fair values of the share options granted for the years ended were calculated using the Black-Scholes pricing model. The inputs into the model were at the date of grant of options as follows:

	The Group								
Date of grant	13 August 2007	17 August 2007	21 August 2007	19 August 2008	27 August 2008	16 December 2009	9 February 2010	25 November 2010	7 December 2010
Number of share option	19,200,000	14,400,000	14,500,000	74,200,000	9,600,000	58,100,000	24,900,000	56,720,000	9,150,000
Share price at grant date (HK$)	0.38	0.28	0.34	1.11	1.16	0.74	0.89	1.54	1.74
Weighted average exercise price (HK$)	0.38	0.36	0.35	1.14	1.16	0.74	0.90	1.54	1.74
Expected volatility (expressed as weighted average volatility)	61.97%	62.15%	62.15%	99.81%	96.08%	76.61%	75.08%	60.28%	59.75%
No. of years for option life (expressed as weighted average life)	10	10	10	10	10	10	10	10	10
Expected dividends	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	3.96%	3.97%	3.88%	1.00%	1.15%	0.08%	0.18%	0.27%	0.35%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

No share options were granted for the year ended 31 March 2014 (2013: Nil). At 31 March 2014, the Company had 158,898,169 share options (2013: 231,000,000) outstanding under the Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 158,898,169 (2013: 231,000,000) additional ordinary shares of HK$0.08 each (2013: HK$0.04 each) of the Company and additional share capital of HK$12,711,853 (2013: HK$9,240,000) and cash proceeds to the Company of HK$249,067,002 (2013: HK$247,739,000) (before share issue expenses).

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the services provided to the Group's largest client and five largest clients accounted for 26% and 42%, respectively of the total turnover for the year. The Group's largest supplier and five largest suppliers accounted for 46% and 84% purchases of the Group for the year ended 31 March 2014.

In the opinion of the directors, none of the directors, their associates or any shareholders of the Company who owned more than 5% of the Company's share capital had any interest in the Group's five largest customers and suppliers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures throughout the year ended 31 March 2014.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive directors are independent.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

The audit committee comprises three members, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Wang Zhigang. All of them are independent non-executive Directors of the Company and Mr. Tou Kin Chuen was appointed as the Chairman of the Audit Committee.

The primary duties of the audit committee are to review the Company's annual and quarterly financial reports and to provide advice and comments thereon to the Board of Directors. Two audit committee meetings were held during the year.

The Group's annual results for the year ended 31 March 2014 have been reviewed by the audit committee, which is of the opinion that the preparation of such consolidated financial statements complies with applicable accounting standards, the GEM Listing Rules, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

According to the Code on Corporate Governance Practices, the Company established its remuneration committee ("Remuneration Committee") on 18 March 2005. During the year under review, the Remuneration Committee comprised three members, Mr. Chan Tin Lup, Trevor, Mr. Tou Kin Chuen and Mr. Wang Zhigang all of them are independent non-executive Directors and Mr. Chan Tin Lup, Trevor was appointed as the Chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Group's policy and structure in relation to the remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

Directors' Report

EMOLUMENT POLICY

The Group's emolument policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident funds are also provided to employees where appropriate.

EVENTS AFTER REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 43 to the consolidated financial statements.

AUDITOR

The consolidated financial statements for the year ended 31 March 2014 were audited by Andes Glacier CPA Limited, who would retire at the forthcoming annual general meeting, and being eligible, offer themselves for re-appointment.

A resolution will be submitted to the annual general meeting of the Company to re-appoint Andes Glacier CPA Limited, as auditor of the Company.

On behalf of the Board

Cheng Ting Kong
Chairman

Hong Kong, 30 June 2014

CORPORATE GOVERNANCE REPORT

The Company is committed to high standards of corporate governance for the enhancement of shareholder value. The Company believes that good corporate governance is not only in the interest of investors but also in the interest of the Company. It is also of the view that good corporate governance is a reflection of the standard and quality of the management and operations of the Company and it also helps sustain the long-term support of shareholders upon which the Company's success depends.

The Company closely monitors corporate governance development in Hong Kong and it regularly reviews its corporate governance practices in light of experience and evolving regulatory requirements to ensure that the Company keeps abreast of shareholders' expectations. The principles of corporate governance adopted by the Company emphasize a quality board, sound internal control, and transparency and accountability to shareholders.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices ("Code on CG Practices") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2014.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Conduct regarding Securities Transactions by Directors on terms no less exacting than the required standard of dealings ("Code of Conduct"). Having made specified enquiry with the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Code of Conduct for the year ended 31 March 2014.

BOARD OF DIRECTORS

The principal duty of the board of directors of the Company ("the Board") is to ensure that the Company is properly managed in the interest of shareholders.

The Board, led by the Chairman, is responsible for the formulation of Company-wide strategies and policies, including an oversight of the management. Management is responsible for the day-to-day operations of the Company under the leadership of the Chief Executive Officer.

As at 31 March 2014, the Board comprised 8 Directors, including the Chairman, 4 Executive Directors and 3 Independent Non-executive Directors. One of the Independent Non-executive Directors has appropriate professional qualifications in accounting. Biographical details of the Directors are set out on pages 13 to 14.

In determining the independence of a Director, the Board would consider whether the Director has any direct or indirect material relationship with the Company and the Board follows the requirements set out in the GEM Listing Rules. Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all the Independent Non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and considers that they are independent.

The position of the Chairman and the Chief Executive Officer are held by separate individuals. The role of the Chairman is separated from that of the Chief Executive Officer. Such division of responsibilities helps to reinforce their independence and accountability.

Mr. Cheng Ting Kong is the Chairman of the Company and Mr. Lui Man Wah is the Chief Executive Officer of the Company.

The Chairman is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that the Board acts in the best interest of the Company. To ensure that Board meetings are planned and conducted effectively, the Chairman is primarily responsible for drawing up and approving the agenda for each Board meeting, taking into account, where appropriate, any matters proposed by other Directors for inclusion in the agenda. With the support of Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. The Chairman also actively encourages Directors to be fully engaged in the Board's affairs and make contribution to the Board's functions. With the support of all other members of the Board, the Chairman procures that good corporate governance practices and procedures are established and that appropriate steps are taken to provide effective communication with shareholders.

The Chief Executive Officer is responsible for managing the business of the entire Company, attending to the formulation and successful implementation of company policies and assuming full accountability to the Board for all Company operation. Acting as the principal navigator of the Company's businesses, the Chief Executive Officer attends to developing strategic operation plans that reflect the longer term objectives and priorities established by the Board and is directly responsible for maintaining the operational performance of the Company. The Chief Executive Officer also maintains ongoing dialogue with the Chairman and all Directors to keep them fully informed of all major business development and issues.

The Board meets regularly, and at least 4 times a year. Between scheduled meetings, senior management of the Group from time to time provides to Directors information on the activities and development of the businesses of the Group. In addition, Directors have full access to information on the Group and independent professional advice whenever deemed necessary by the Directors.

The Board held 13 meetings during the year ended 31 March 2014. Details of attendance of individual Directors at Board Meetings are presented below:

	Attended/ Eligible to attend
Chairman	
Mr. Cheng Ting Kong	13/13
Executive Directors	
Ms. Cheng Mei Ching	13/13
Mr. Lee Chi Shing, Caesar	13/13
Mr. Lo Kai Bong	13/13
Mr. Lui Man Wah	13/13
Independent non-executive Directors	
Mr. Tou Kin Chuen	8/8
Mr. Chan Tin Lup, Trevor	8/8
Mr. Wang Zhigang	8/8

Save for the above regular board meetings of the Period, the Board will meet on other occasions when a board-level decision on a particular matter is required. The Directors will receive details of agenda items for decision 7 business days in advance of each board meeting and the minutes within 3 business days after the meeting.

Each of the Independent Non-executive Directors has entered into a letter of service with the Company for a term of one year's period. All the Independent Non-executive Directors are subject to re-election at each annual general meeting of the Company.

Upon appointment, Directors would receive an orientation review of the Company and its business from senior executives. Information are provided to Directors regularly to ensure that Directors keep up with the latest changes in the commercial and regulatory environment in which the Group conducts its businesses.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group.

The Directors ensure the consolidated financial statements of the Group are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors also ensure the publication of the consolidated financial statements of the Group is made in a timely manner. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

The statement of the Auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Auditor's Report on pages 40 and 105.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The duties of the audit committee are to review the Company's annual and quarterly financial reports and to provide advice and comments thereon to the Board. The audit committee comprises three independent non-executive Directors, namely, Mr. Tou Kin Chuen, Mr. Chan Tin Lup, Trevor and Mr. Wang Zhigang. The biographies of members of the audit committee are set out in the paragraph headed "Directors and Staff" above.

The Audit Committee held 2 meetings in 2014 and the attendance records are set out below:

Name of Member	Attended/ Eligible to attend
Mr. Tou Kin Chuen *(Chairman)*	2/2
Mr. Chan Tin Lup, Trevor	2/2
Mr. Wang Zhigang	2/2

For 2014, the Audit Committee reviewed with senior management and the external auditors of the Company their respective audit findings, the accounting principles and practices adopted by the Company, legal and regulatory compliance, and internal control, risk management and financial reporting matters (including the interim and annual financial statements for the year ended 31 March 2014 before recommending them to the Board for approval). In particular, the Audit Committee monitored the integrity of financial statements of the Company and the annual report and accounts and quarterly reports and accounts of the Company, discussed with management and the external auditor, and reviewed significant financial reporting judgments contained in them. In this regard, in reviewing such reports and accounts of the Company before submission to the Board, the Audit Committee focused particularly on:

(a) any changes in financial reporting and accounting policies and practices;

(b) major judgmental areas;

(c) significant adjustments resulting from audit;

(d) the going concern assumption and any qualifications;

(e) compliance with accounting standards; and

(f) compliance with the GEM Listing Rules and any other legal requirements in relation to financial reporting.

The audited consolidated results of the Group for the year ended 31 March 2014 have been reviewed by the Audit Committee.

AUDITOR'S REMUNERATION

The amount of fees charged by the Auditor generally depends on the scope and volume of the auditor's work. For the year ended 31 March 2014, the Auditor of the Company received approximately HK$1,380,000 for audit services.

REMUNERATIONS COMMITTEE

The Company has established a Remunerations Committee in March 2005. The current existing Remunerations Committee consists three Independent Non-executive Directors, namely, Mr. Tou Kin Chuen, Chan Tin Lup, Trevor and Mr. Wang Zhigang. The biographies of members of the Remuneration Committee are set out in the paragraph headed "Directors and Staff".

The Remunerations Committee would assist the Board to develop and administer a fair and transparent procedure for setting policy on the remuneration of Directors and senior management of the Company and for determining their remuneration packages and also is responsible for the administration of the share option schemes adopted by the Company. Terms of reference of the Remunerations Committee are approved by the Directors.

Executive Directors are responsible for reviewing all relevant remuneration data and market conditions as well as the performance of the individual and the profitability of the Company, and propose to the Remunerations Committee for consideration and approval, remuneration packages for Directors and senior management.

The Remunerations Committee held 1 meeting for the financial year 31 March 2014. The attendance records are presented below:

Name of Member	Attended/ Eligible to attend
Mr. Chan Tin Lup, Trevor *(Chairman)*	1/1
Mr. Tou Kin Chuen	1/1
Mr. Wang Zhigang	1/1

Corporate Governance Report

The remuneration of Directors and senior management was determined with reference to the performance and profitability of the Company as well as remuneration benchmarks from other local and international companies and the prevailing market conditions. Directors and employees also participate in bonus arrangements determined in accordance with the performance of the Group and the individual's performance.

Details of Directors' emoluments for the year ended 31 March 2014 are set out in note 13 to the consolidated financial statements.

NOMINATIONS COMMITTEE

A nomination committee is not necessary for the Company, after the Board reviewed the needs and current situation of the Company. The Board will be responsible for reviewing the profile of current directors and potential candidate of director to ensure that the composition of the Board is appropriate for the Company.

INTERNAL CONTROL

An internal control system, being an integral part of the Company's operations, is a process effected by the Board and management team to provide reasonable assurance regarding the effectiveness and efficiency of operations in achieving the established corporate objectives, safeguarding Company assets, providing reliable financial reporting, and complying with applicable laws and regulations.

The Board is responsible for making appropriate assertions on the adequacy of internal controls over financial reporting and the effectiveness of disclosure controls and procedures. Through the Audit Committee, it regularly reviews the effectiveness of the system.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Board is committed to providing clear and full information about the Company's performance to shareholders through the publication of quarterly reports and annual report. In addition to dispatching circulars, notices and financial reports to shareholders, additional information is also available to shareholders on the websites of the Group and the Stock Exchange.

The annual general meeting provides a useful forum for shareholders to raise comments and exchange views with the Board. Shareholders are encouraged to attend annual general meetings for which the Company gives at least 21 clear business days' notice. The Chairman and Directors and external auditors are available to answer questions on the Company's businesses at the meeting.

Shareholders have statutory rights to call for extraordinary general meetings by serving written requests to the Company and to put forward agenda items for consideration by shareholders. Details of the poll voting procedures and the rights of shareholders to demand a poll are included in the circular to shareholders despatched together with the annual report. The results of the poll are published on the Company's website and the Stock Exchange's website. Financial and other information is available on the websites of the Company and the Stock Exchange.

The Company values feedback from shareholders on its effort to promote transparencies and foster investor relationships. Comments and suggestions are welcome and can be addressed to our Company by mail.

VOTING BY POLL

In compliance with the requirements on the poll voting procedures, the Company has informed the Members in respect of the procedures for voting by poll and the rights of the Members in demanding for poll in each general meeting. Pursuant to Article 72 of the Company's Articles of Association, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded at any general meeting. In the general meetings held during the Year, the Company counted all proxy votes, and except where polls were required, chairman of each general meeting had expressly indicated to the members attending the meetings the levels of proxies lodged on each resolution, and the balance for and against the resolution, after each of the resolution had been dealt with on a show of hands.

Furthermore, Article 72 of the Articles of Association, a vote by poll may be demanded by:

(a) the Chairman of the meeting; or

(b) at least three members present in person or by proxy and entitled to vote; or

(c) any member or members present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right attend and vote at the meeting; or

(d) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

In the general meetings held during the year, there were resolutions requiring polls either demanded by the chairmen of the meetings or required under the Listing Rules. In each general meeting, Tricor Tengis Limited, the Company's Hong Kong Branch Registrar, was instructed to act as scrutineer. In each general meeting held during the year, the Company had ensured that where appropriate:

(i) the procedure for demanding a poll by the Shareholders before putting a resolution to the vote on a show of hands; and

(ii) the detailed procedures for conducting a poll and then answer any questions from the Shareholders whenever voting by way of a poll is required.

As such, the Company has complied with the requirements in relation to vote by poll.

INDEPENDENT AUDITOR'S REPORT

Andes Glacier CPA Limited
CERTIFIED PUBLIC ACCOUNTANTS
思捷會計師行有限公司

Unit 1, 20/Floor, Malaysia Building,
No. 50 Gloucester Road,
Wanchai, Hong Kong
香港灣仔告士打道50號馬來西亞大廈20樓01室

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SUN INTERNATIONAL RESOURCES LIMITED
(Incorporated in Cayman Islands with limited liability)

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Sun International Resources Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 106 which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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.

Independent Auditor's Report

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the 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.

Andes Glacier CPA Limited
Certified Public Accountants

Hsu Yuk King, Mercedes
Practising Certificate Number: P03548

Hong Kong, 30 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 HK$	2013 HK$
Turnover	7	187,596,033	239,725,206
Direct costs		(77,933,792)	(64,406,554)
Gross profit		109,662,241	175,318,652
Other operating income	9	3,933,034	5,379,722
Administrative expenses		(184,894,693)	(82,182,090)
Fair value change of biological assets, net	22	(4,749,328)	–
Fair value change of derivative financial instruments		–	(979,514)
Fair value change of investment properties	19	–	(6,203,173)
Share of losses of associates	21	(324,852)	(995,233)
Loss on early redemption of convertible notes		–	(951,964)
Impairment loss on intangible assets	16	(532,019,176)	(557,441,734)
Impairment loss on goodwill	17	(49,371,093)	(189,655,069)
Impairment loss on other assets		(4,924,265)	–
Gain on disposal of a subsidiary	39	–	61,315
Finance costs	10	(16,958,249)	(5,713,810)
Loss before taxation		(679,646,381)	(663,362,898)
Income tax credit	11	125,677,633	128,516,887
Loss for the year	12	(553,968,748)	(534,846,011)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences on translating foreign operations		(786,508)	(216,549)
Total comprehensive loss for the year		(554,755,256)	(535,062,560)
Loss for the year attributable to:			
Owners of the Company		(338,869,482)	(327,543,460)
Non-controlling interests		(215,099,266)	(207,302,551)
		(553,968,748)	(534,846,011)
Total comprehensive loss for the year attributable to:			
Owners of the Company		(343,070,574)	(326,665,924)
Non-controlling interests		(211,684,682)	(208,396,636)
		(554,755,256)	(535,062,560)
Loss per share (HK cents per share)	15		(Restated)
Basic		(50.78)	(49.39)
Diluted		(50.78)	(49.39)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	2014 HK$	2013 HK$
Non-current assets			
Intangible assets	16	–	533,000,000
Goodwill	17	180,513,136	229,884,229
Property, plant and equipment	18	150,558,673	50,632,022
Investment properties	19	–	74,000,000
Biological assets – non-current portion	22	51,125,209	–
Deferred tax assets	33	1,331,547	–
Interests in associates	21	282,047,787	280,468,084
		665,576,352	1,167,984,335
Current assets			
Inventories	23	22,484,750	25,436,616
Biological assets – current portion	22	126,888,730	–
Trade receivables	24	62,843,747	79,412,065
Prepayments, deposits and other receivables	25	11,901,142	15,049,747
Amounts due from non-controlling shareholders of a subsidiary	27	9,360,000	–
Tax recoverables		10,046,528	–
Bank balances and cash	26	65,105,903	172,901,735
		308,630,800	292,800,163
Current liabilities			
Accruals and other payables	28	54,471,107	31,137,855
Trade payables	29	32,408,851	7,710,773
Deposits received and deferred income	31	38,710,151	1,083,336
Promissory note	32	140,000,000	–
Convertible notes	34	–	45,123,469
Tax payables		–	3,724,988
		265,590,109	88,780,421
Net current assets		43,040,691	204,019,742
Total assets less current liabilities		708,617,043	1,372,004,077
Non-current liabilities			
Interest-bearing borrowing	35	101,226,337	–
Deferred taxation liabilities	33	517,564	126,156,559
Promissory note	32	–	140,000,000
Amount due to a non-controlling shareholder of a subsidiary	30	25,350,000	25,350,000
		127,093,901	291,506,559
Net assets		581,523,142	1,080,497,518

Consolidated Statement of Financial Position

At 31 March 2014

	Notes	2014 HK$	2013 HK$
Capital and reserves			
Share capital	36	**55,656,000**	37,104,000
Reserves		**540,661,005**	855,903,579
Equity attributable to owners of the Company		**596,317,005**	893,007,579
Non-controlling interests		**(14,793,863)**	187,489,939
Total equity		**581,523,142**	1,080,497,518

Approved and authorised for issue by the Board of Directors on 30 June 2014 and are signed on its behalf by:

Cheng Ting Kong
Director

Lui Man Wah
Director

STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	2014 HK$	2013 HK$
Non-current asset			
Investment in a subsidiary	20	–	–
Current assets			
Prepayments, deposits and other receivables	25	**58,063**	102,421
Amounts due from subsidiaries	20	**1,449,176,627**	1,168,626,631
Bank balances and cash	26	**3,952,456**	95,911,779
		1,453,187,146	1,264,640,831
Current liabilities			
Accruals and other payables	28	**775,236**	479,269
Amounts due to subsidiaries	20	**360,495,328**	258,734,726
Promissory note	32	**140,000,000**	–
Convertible notes	34	–	45,123,469
		501,270,564	304,337,464
Net current assets		**951,916,582**	960,303,367
Non-current liabilities			
Promissory note	32	–	140,000,000
Interest-bearing borrowing	35	**101,226,337**	–
		101,226,337	140,000,000
Net assets		**850,690,245**	820,303,367
Capital and reserves			
Share capital	36	**55,656,000**	37,104,000
Reserves	37	**795,034,245**	783,199,367
Total equity		**850,690,245**	820,303,367

Approved and authorised for issue by the Board of Directors on 30 June 2014 and are signed on its behalf by:

Cheng Ting Kong
Director

Lui Man Wah
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to owners of the Company										
	Share Capital *HK$*	Share Premium *HK$*	Redemption Reserve *HK$*	Merger Reserve *HK$*	Options Reserve *HK$*	Notes Reserve *HK$*	Translation Reserve *HK$*	Retained Profits/ (Accumulated losses) *HK$*	Sub-total *HK$*	Non-Controlling Interests *HK$*	Total *HK$*
At 1 April 2012	37,104,000	747,247,169	254,600	369,866	38,254,919	14,039,644	(8,627,242)	395,375,807	1,224,018,763	395,886,575	1,619,905,338
Loss for the year	–	–	–	–	–	–	–	(327,543,460)	(327,543,460)	(207,302,551)	(534,846,011)
Other comprehensive loss:											
Currency translation differences on translating foreign operations	–	–	–	–	–	–	877,536	–	877,536	(1,094,085)	(216,549)
Total comprehensive loss for the year ended 31 March 2013	–	–	–	–	–	–	877,536	(327,543,460)	(326,665,924)	(208,396,636)	(535,062,560)
Transactions with owners:											
Redemption of convertible notes	–	–	–	–	–	(4,345,260)	–	–	(4,345,260)	–	(4,345,260)
Total transactions with owners of the Company	–	–	–	–	–	(4,345,260)	–	–	(4,345,260)	–	(4,345,260)
At 31 March 2013 and 1 April 2013	37,104,000	747,247,169	254,600	369,866	38,254,919	9,694,384	(7,749,706)	67,832,347	893,007,579	187,489,939	1,080,497,518
Loss for the year	–	–	–	–	–	–	–	(338,869,482)	(338,869,482)	(215,099,266)	(553,968,748)
Other comprehensive loss:											
Currency translation differences on translating foreign operations	–	–	–	–	–	–	(4,201,092)	–	(4,201,092)	3,414,584	(786,508)
Total comprehensive loss for the year ended 31 March 2014	–	–	–	–	–	–	(4,201,092)	(338,869,482)	(343,070,574)	(211,684,682)	(554,755,256)
Transactions with owners:											
Redemption of convertible notes	–	–	–	–	–	(9,694,384)	8,285,780	1,408,604	–	–	–
Open offer	18,552,000	27,828,000	–	–	–	–	–	–	46,380,000	–	46,380,000
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	9,400,880	9,400,880
Total transactions with owners of the Company	18,552,000	27,828,000	–	–	–	(9,694,384)	8,285,780	1,408,604	46,380,000	9,400,880	55,780,880
At 31 March 2014	55,656,000	775,075,169	254,600	369,866	38,254,919	–	(3,665,018)	(269,628,531)	596,317,005	(14,793,863)	581,523,142

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Notes	2014 HK$	2013 HK$
Operating activities			
Loss before taxation		**(679,646,381)**	(663,362,898)
Depreciation		**15,946,914**	11,828,426
Fair value change of derivative financial instruments		**–**	979,514
Interest income		**(1,256,941)**	(1,196,360)
Effective interest expense on convertible notes		**6,123,065**	5,713,406
Interest expenses on other borrowings		**10,835,184**	–
Interest on finance leases		**–**	404
Loss on early redemption of convertible notes		**–**	951,964
Share of losses of associates		**324,852**	995,233
Written off of property, plant and equipment		**–**	2,009
Fair value change on convertible notes		**–**	109,017
Impairment loss on goodwill		**49,371,093**	189,655,069
Impairment loss on intangible assets		**532,019,176**	557,441,734
Impairment loss on other assets		**4,924,265**	–
Fair value change of biological assets, net		**4,749,328**	–
Fair value change of investment properties		**–**	6,203,173
Gain on disposal of a subsidiary	39	**–**	(61,315)
Gain on disposal of property, plant and equipment		**(100,944)**	(30,846)
Loss on disposal of property, plant and equipment		**716,846**	–
Provision for bad debts		**599,968**	–
Operating cash flows before working capital change		**(55,393,575)**	109,228,530
Increase in biological assets – current portion		**(71,154,003)**	–
Decrease in inventories		**1,205,414**	15,510,552
Decrease in trade receivables, prepayments, deposits and other receivables		**12,007,379**	63,936,641
Increase in trade payables, accruals, other payables, deposits received and deferred income		**87,960,746**	15,107,248
Cash (used in)/generated from operations		**(25,374,039)**	203,782,971
Income tax paid		**(13,742,754)**	(9,600,837)
Net cash (used in)/generated from operating activities		**(39,116,793)**	194,182,134
Investing activities			
Proceeds from disposal of property, plant and equipment		**212,503**	194,594
Purchase of property, plant and equipment		**(8,199,370)**	(31,259,558)
Purchase of investment properties		**(658,621)**	–
Acquisition of equine business related assets		**(95,558,060)**	–
Purchase of biological assets – non-current portion		**(62,170,316)**	–
Proceeds from disposal of a subsidiary	39	**–**	200,000
Payment of cash advance to an associate		**(1,904,555)**	–
Interest received		**1,256,941**	17,901
Net cash used in investing activities		**(167,021,478)**	(30,847,063)

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	Notes	2014 HK$	2013 HK$
Financing activities			
Repayment of obligation under finance leases		–	(22,395)
Payment for redemption of convertible notes		(48,840,226)	(43,555,692)
Payment for interest of convertible notes		(3,338,518)	(3,201,900)
Payment for interest on finance leases		–	(404)
Incorporation of interest-bearing borrowing		108,000,000	–
Repayment of interest-bearing borrowing		(10,000,000)	–
Issuance of ordinary shares		46,380,000	–
Interest paid for other borrowings		(7,608,847)	–
Net cash generated from/(used in) financing activities		84,592,409	(46,780,391)
Net (decrease)/increase in cash and cash equivalents		(121,545,862)	116,554,680
Cash and cash equivalents at beginning of the year		172,901,735	57,501,651
Effect of changes in exchange rate, net		13,750,030	(1,154,596)
Cash and cash equivalents at end of the year		65,105,903	172,901,735
Analysis of the balance of cash and cash equivalents			
Bank balances and cash	26	65,105,903	172,901,735

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. GENERAL INFORMATION

The Company is incorporated in the Cayman islands on 11 July 2000 as exempted company with limited liability under the Companies Law (Revised) of Cayman Islands. Its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at the reporting date, the ultimate holding company of the Company (the "Ultimated Holding Company") is First Cheer Holdings Limited, a company incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company are disclosed in page 3 of the annual report.

The Company's principal activity is investment holding and the principal activities of its principal subsidiaries are set out in note 20.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

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

In the current year, the Group has adopted all the new and revised HKFRSs issued by HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2013. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int").

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

* *IFRIC represents the International Financial Reporting Interpretations Committee*

Except as described below, 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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories; (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (revised 2011) and HKAS 28 (revised 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (revised 2011) is not applicable to the Group as it deals only with separate financial statements.

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

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor controls an investee if and only if it has (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. As a result of the initial application of HKFRS 10, the directors of the Company made an assessment whether the Group has control over its investees at the date of initial application and concluded that the application of HKFRS 10 does not result in any change in control conclusions.

HKFRS 12 Disclosure of Interests in Other Entities

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

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

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements for both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions within the scope of HKFRS 2 Share-based Payment, leasing transactions within the scope of HKAS 17 Leases and measurements that have some similarities to fair value but are not fair value.

HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

HKFRS 13 has been applied prospectively as of the beginning of the annual period and resulted in additional disclosure as set out in the consolidated financial statements. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

HKFRS 9	Financial Instruments[c]
HKFRS 14	Regulatory Deferral Accounts[d]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[b]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[b]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[c]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[a]
Amendments to HKAS 19	Defined Benefit Plans – Employee Contributions[b]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[a]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[a]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[a]
HK(IFRIC) – Int 21	Levies[a]

(a) Effective for annual periods beginning on or after 1 January 2014.
(b) Effective for annual periods beginning on or after 1 July 2014.
(c) HKFRS 9, as amended in December 2013, amended the mandatory effective date of HKFRS 9. The mandatory effective date is not specified in HKFRS 9 but will be determined when the outstanding phases are finalised. However, application of HKFRS 9 is permitted.
(d) Effective for annual periods beginning on or after 1 January 2016.

The directors of the Company anticipate that, except as described below, the application of the/other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

The effective date of HKFRS 9 is not yet determined. However, earlier application is permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below. The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

The Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

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

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement". The amendments to HKAS 32 are effective for annual periods beginning on or after 1 January 2014 with early application permitted and require retrospective application.

The directors of the Company anticipate that the application of the amendments to HKAS 32 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

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

The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is categorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;

- each key assumption on which management has based its determination of fair value less costs of disposal;

- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied, and require retrospectively application.

The directors of the Company anticipate that the application of the amendments to HKAS 36 may result in additional disclosures being made with regard to the impairment assessment on non-financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention except for certain properties and financial instruments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

(a) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation *(continued)*

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 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 non-controlling 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.

Changes in the Group's ownership interests in existing subsidiaries

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of consolidation *(continued)*

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(b) Business combinations

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

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

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Business combinations *(continued)*

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), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets and contingent liabilities recognised.

(c) Goodwill

Goodwill arising on an acquisition of a subsidiary is carried at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill 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 combination.

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 reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period.

If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

(d) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss for the period in which the property is derecognised.

If an investment property becomes owner-occupied or a property held for sale, it is reclassified as property, plant and equipment or properties held for sale as appropriate, and its fair value at the date of reclassification becomes its cost for accounting purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Property, plant and equipment

Property, plant and equipment other than leasehold land and land use right are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged in profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight line method, at the following rates per annum:

Buildings	2.5%
Computer equipment	30% to 33.33%
Office equipment	11.25% to 20%
Furniture and fixtures	20%
Machine equipment	20%
Motor vehicles	8.3% to 20%
Yacht	20%
Farm and vet equipment	10% to 15%
Leasehold improvements	4% to 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued used of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss.

When an item of property, plant and equipment is transferred to investment property, following a change in its use, any differences between the carrying amount and the fair value of the item arising at the date of transfer is recognised directly in equity at a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment, the gain is recognised in profit or loss. On subsequent disposal of the investment property, the revaluation surplus is transferred to retained earnings.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses as follows:

(i) Mining rights

Mining rights are stated at cost less accumulated amortisation and accumulated impairment losses. The mining rights are amortised using the units of production method based on the proven and probable mineral reserves.

Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see accounting policy in respect of impairment losses on tangible and intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

(g) Biological assets

Biological assets, including Stallions and Bloodstocks, are measured on initial recognition and at the end of the reporting period at their fair value less costs to sell, with any resultant gain or loss recognised in the profit or loss for the year in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, mainly transportation cost and excluding finance costs and income taxes. The fair value of biological assets is determined based on their present location and condition and is determined independently by a professional valuer.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Interests in associates

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 those 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 equals or exceeds its 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 is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Inventories

Inventories represent mainly iron ores held for re-sale. Inventories are stated at the lower of cost and net realisable value.

The cost of work in progress and finished goods, comprising raw materials, direct labour, other direct costs and an appropriate proportion of related production overheads, are determined using the weighted average method. Net realisable value is the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(j) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

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) ("FVTPL") 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 at FVTPL are recognised immediately in profit or loss.

Financial assets

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

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 premium or discounts) through the expected life of the debts instruments, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Financial instruments *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

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

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

(i) significant financial difficulty of the issuer or counterparty; or

(ii) default or delinquency in interest or principal payments; or

(iii) it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or

(iv) the disappearance of an active market for the financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently 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, observable changes in national or local economic conditions that are correlate with default on receivables.

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Financial instruments *(continued)*

Impairment of financial assets *(continued)*

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

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 through the expected life of the financial liability, or where appropriate, a shorter period to the net carrying amount on initial recognition.

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

Convertible notes

Convertible notes issued by the Company that contain liability, conversion option and early redemption option are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Financial instruments *(continued)*

Convertible notes *(continued)*

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate of similar non-convertible instruments. At the date of issue, both the liability and early redemption option components are measured at fair value. In subsequent periods, the liability component of the convertible notes is recorded at amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Other financial liabilities

Other financial liabilities (including accruals and other payables, deposit received, and amount due to a shareholder) are subsequently measured at amortised cost, using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Financial instruments *(continued)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in the profit or loss.

Financial liabilities are derecognised when and only when, the Group's obligation specified in the relevant contract are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in the profit or loss.

(k) Borrowing costs

All borrowing costs are recognised in consolidated profit or loss in the period in which they are incurred.

(l) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for goods sold and service provided in the normal course of business, net of discounts and sale related taxes.

Sales of goods are recognised when the goods are delivered to the customer and the customer has accepted the related risks and rewards of ownership.

Service income is recognised when services are rendered, on an accrual basis or where condition attached to the relevant agreements and mandates is in satisfaction of the relevant condition.

Stallions service fees are recognized when a vet certificate is produced confirming that a viable live foal was produced.

Revenue from license of distribution rights over films is recognised when the Group's entitlement to such payments has been established when the notice of delivery is served to the customer.

Film distribution fee income is recognised when the master materials have been delivered.

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

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term except where an alternative basis is more representative of the pattern of benefit to be derived from the operating lease. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned. Rental income exclude business tax or other sales related taxes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable and 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 is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Leases

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 lessor

Rental income from operating leases is recognised in the consolidated statement of profit or loss and on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy above). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-ling 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 profit or loss 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.

(o) Retirement benefit scheme

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") in Hong Kong and Superannuation Guarantee Contribution Scheme ("SGC Scheme") in Australia are recognised as an expense when employees have rendered services entitling them to the contributions.

(p) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of 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 on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Foreign currencies *(continued)*

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in (in other comprehensive income), in which cases, the exchange differences are also recognised directly in (in other comprehensive income).

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into presentation currency of the Group (i.e. Hong Kong dollars) using exchange rate prevailing at the end of each reporting period, income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interest 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 addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed 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 an acquisition of a foreign operation on or after 1 January 2005 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 the translation reserve.

(q) Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of profit or loss on a straightline basis over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of profit or loss over the remaining vesting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

(r) Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

(s) 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 that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at 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).

(t) Related parties

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

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

   (ii) has significant influence over the Group; or

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

2. An entity is related to the Group if any of the following conditions applies:

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Related parties *(continued)*

2. *(continued)*

(iii) Both entities are joint ventures of the same third party.

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

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

(vi) The entity is controlled or jointly controlled by a person identified in note 3(t)(1).

(vii) A person identified in note 3(t)(1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity).

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

(u) Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

Where 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 a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATION

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 associated 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.

Critical judgments in applying accounting policies

The followings are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Estimate Income tax and deferred tax

The Group is subject to income taxes mainly in the Indonesia, Philippines, Australia and Hong Kong. Significant estimates are required in determining the amount of the provision for income tax and the time of payment of the related tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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 year in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised to be probable that future taxable profit will be available against which the temporary difference or tax losses can be utilised. The out come of their actual utilisation may be difference.

Deferred tax liabilities are recognised for the impairments assets in excess of related depreciations in the Philippines and Indonesia and any change in estimates would affect the profit or loss in future years.

Useful lives and impairment assessment of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimation of useful lives impacts the level of annual depreciation record. Property, plant and equipment are evaluated for possible impairment on a specific asset basic or in company of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each of company asset. For instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount written is charged against the results of operations.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATION *(continued)*

Critical judgments in applying accounting policies *(continued)*

Estimated impairment of trade receivables

The policy for impairment loss in respect of trade receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Fair value of biological assets

The Group's biological assets are valued at fair value less costs to sell. The fair value of biological assets is determined based on either the market-determined prices as at the end of the reporting period adjusted with reference to the species, age, growing condition, costs incurred and expected yield to reflect differences in characteristics and/or stages of growth of the horse; or the present value of expected net cash flows from the biological assets discounted at a current market-determined rate, when market-determined prices are unavailable; or the cost when appropriate. Any change in the estimates may affect the fair value of the biological assets significantly. The independent professional valuer and management review the assumptions and estimates periodically to identify any significant change in the fair value of biological assets. Details of assumptions used are disclosed in note 22.

Estimated impairment of goodwill

The Group performs annual tests on whether there has been impairment of goodwill in accordance with the accounting policy stated in note 3(c). The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations. Details of the recoverable amount calculation for goodwill are disclosed in note 17.

Impairment of other intangible assets

The carrying amounts of other intangible assets are reviewed annually and adjusted for impairment in accordance with HKAS 36 whenever certain events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group determines the recoverable amount of the assets based on the estimations of future expected cash flows from the usage of these assets and a suitable discount rate. Where the future cash flows are less than expected, a material impairment loss may arise. Details of the recoverable amount calculation for other intangible assets are disclosed in note 16.

Fair value of investment properties

As described in note 19, investment properties were stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Should there are changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 *HK$*	2013 *HK$*
Financial assets		
Loans and receivables (including bank balances and cash)	**154,037,473**	270,285,673
Financial liabilities		
Amortised cost	**353,456,295**	249,322,097

(b) Financial risk management objectives and policies

The Group's major financial instruments include promissory note, convertible notes, interest-bearing borrowing, trade receivables, bank balances and cash. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Group's risk exposure relating to financial instruments or the manner in which it manages and measures the risks.

5. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk

(i) Foreign currency risk

The majority of the Group's monetary assets and monetary liabilities by value and the rental income are denominated in Hong Kong Dollar ("HK$"), Renminbi ("RMB"), the Philippines Peso ("PESO"), Australian Dollar ("AUD") and the Indonesian Rupiah ("IDR"). The conversion of RMB into other currencies is subjected to the rules and regulations of foreign exchange control promulgated by the government of the People's Republic of China ("PRC"). The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB, PESO, AUD and IDR. The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely 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 reporting date are as follows:

	2014	2013
	HK$	*HK$*
Assets		
PESO	**3,380,970**	38,288,889
RMB	**4,980,375**	189,655
AUD	**72,257,440**	–
IDR	**3,127,830**	5,364,867

	2014	2013
	HK$	*HK$*
Liabilities		
PESO	**19,674,115**	10,321,000
RMB	**–**	45,123,469
AUD	**43,879,851**	–
IDR	**15,931,049**	15,557,276

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

5. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

(i) Foreign currency risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the 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 period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where the relevant currencies strengthen 5% against the Hong Kong Dollars. For a 5% weakening of the relevant currencies against the Hong Kong Dollars, there would be an equal and opposite impact on the profit and the balances below would be negative.

	2014	2013
	HK$	*HK$*
Impact of PESO		
Profit or (loss)	**(814,657)**	1,398,394
Impact of RMB		
Profit or (loss)	**249,019**	(2,246,691)
Impact of AUD		
Profit or (loss)	**1,418,879**	–
Impact of IDR		
Profit or (loss)	**(640,161)**	(509,620)

5. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

(ii) Cash flow interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowing. The Group's effect on changes in interest rate is considered immaterial to the consolidated statement of profit or loss.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

As at 31 March 2014, a reasonably possible change of 50 basis-points (2013: 50 basic point) interest rates on borrowing with all other variables held constant, would increase/ decrease the Group's loss before tax for the year by approximately HK$506,132 (2013: Nil).

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2014 in relation to each class of recognised financial assets are the carrying amount of those asset as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

5. FINANCIAL INSTRUMENTS *(continued)*

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

Liquidity risk

The Group closely monitors its liquidity risk by performing periodic reviews and evaluations of its liquidity with regard to the industry characteristics, market conditions, business strategies and changes in the Group's state of affairs and adjusting the current and non-current portions of the Group's debt portfolio on a proper and timely basis. In addition, the Group aims to ensure a continuity of funds and flexibility through the use of various means of financing and by keeping committed facilities available.

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

	Effective interest rate	Within 1 year *HK$*	Within 2 to 5 years *HK$*	Over 5 years *HK$*	Total undiscounted cash flow *HK$*	Carrying amount *HK$*
2014						
Non-derivative financial liabilities						
Accruals and other payables	–	54,471,107	–	–	54,471,107	54,471,107
Trade payables	–	32,408,851	–	–	32,408,851	32,408,851
Amount due to a non-controlling shareholder of a subsidiary	–	–	25,350,000	–	25,350,000	25,350,000
Promissory note	–	140,000,000	–	–	140,000,000	140,000,000
Interest-bearing borrowing	8.5%	–	120,585,874	–	120,585,874	101,226,337
		226,879,958	145,935,874	–	372,815,832	353,456,295
2013						
Non-derivative financial liabilities						
Accruals and other payables	–	31,137,855	–	–	31,137,855	31,137,855
Trade payables	–	7,710,773	–	–	7,710,773	7,710,773
Amount due to a non-controlling shareholder of a subsidiary	–	–	25,350,000	–	25,350,000	25,350,000
Obligation under finance leases	–	–	–	–	–	–
Promissory note	–	–	140,000,000	–	140,000,000	140,000,000
Convertible notes	8.54%	48,840,226	–	–	48,840,226	45,123,469
		87,688,854	165,350,000	–	253,038,854	249,322,097

5. FINANCIAL INSTRUMENTS *(continued)*

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

Financial assets and liabilities measured at fair value

The fair values of financial assets and financial liabilities are determined as follows.

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

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

The fair value of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 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 quotes prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market date (unobservable inputs).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

6. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the abilities of the entities in the Group to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The directors of the Company actively and regularly reviewed and manage the Group's capital structure to maximise the returns to shareholders through the optimisation of the debt afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Group's overall strategy remains unchanged from 2011.

During the year ended 31 March 2014, the capital structure of the Group mainly consists of debts, which include amount due to a non-controlling shareholder of a subsidiary, convertible notes, promissory note, interest-bearing borrowing and equity attributable to equity holders, comprising issued capital and reserves. The Directors of the Company consider the cost of capital and the risks associated with each class of capital to monitor its capital structure on the basis of a gearing ratio. The ratio is calculated as borrowings divided by total equity. The Group aims to maintain the gearing ratio at a reasonable level.

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

	2014 ***HK$***	2013 *HK$*
Borrowings	**266,576,337**	210,473,469
Total equity	**581,523,142**	1,080,497,518
Gearing ratio	**45.84%**	19.48%

7. TURNOVER

Turnover represents the aggregate of amounts received and receivable from (i) services provided to customers; (ii) goods sold to customers; (iii) hotel rental income and (iv) equine services income and is analysed as follows:

	2014 ***HK$***	2013 *HK$*
Computer software solution and services income	**101,179,227**	140,214,793
Equine services income	**55,716,082**	–
Hotel services income	**24,835,909**	85,172,407
Mining services income	**3,694,383**	9,697,641
Entertainment operations	**2,170,432**	4,640,365
	187,596,033	239,725,206

8. SEGMENT INFORMATION

Segment information is presented by way in two segments formats: (i) on a primarily segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Business segments

The Group's operating businesses are structured and managed separately, according to the nature of their operations and services provided. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other segments.

For management purposes, the Group is currently organised into five business segments as follows:

Computer software solution and services	–	provision of computer hardware and software services
Equine services	–	provision of Stallions services, trading and breeding of Bloodstocks
Hotel services	–	provision of hotel operation and management services
Mining services	–	provision of mining iron ores and minerals
Entertainment operations	–	production and distribution of motion pictures and model agency services and provision of other film related services

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

8. SEGMENT INFORMATION *(continued)*

Business segments *(continued)*

Statement of profit or loss
For the year ended 31 March 2014

	Computer software solution and services HK$	Equine services HK$	Hotel services HK$	Mining services HK$	Entertainment operations HK$	Others HK$	Total HK$
Turnover							
External sales	101,179,227	55,716,082	24,835,909	3,694,383	2,170,432	–	187,596,033
Earning/(Loss) before interest, tax and depreciation	43,858,286	(67,088,511)	(63,962,286)	(542,576,676)	(857,235)	(5,327,883)	(635,954,305)
Depreciation	(959,080)	(1,250,981)	(4,010,690)	(2,689,696)	(2,293)	(7,034,174)	(15,946,914)
Finance costs	–	(858,848)	–	–	–	–	(858,848)
Result							
Segment result	42,899,206	(69,198,340)	(67,972,976)	(545,266,372)	(859,528)	(12,362,057)	(652,760,067)
Unallocated corporate expenses							(10,786,913)
Finance costs							(16,099,401)
Loss before tax							(679,646,381)
Income tax credit							125,677,633
Loss for the year							(553,968,748)

Consolidated statement of financial position
As at 31 March 2014

	Computer software solution and services HK$	Equine services HK$	Hotel services HK$	Mining services HK$	Entertainment operations HK$	Others HK$	Total HK$
Assets							
Segment assets	245,519,154	308,848,756	75,929,204	313,668,081	7,732	26,223,706	970,196,633
Unallocated corporate assets							4,010,519
Consolidated total assets							974,207,152
Liabilities							
Segment liabilities	6,270,880	75,752,071	20,276,682	48,269,816	30,000	82,988	150,682,437
Unallocated corporate liabilities							242,001,573
Consolidated total liabilities							392,684,010

8. SEGMENT INFORMATION *(continued)*

Business segments *(continued)*

Statement of profit or loss
For the year ended 31 March 2013

	Computer software solution and services HK$	Hotel services HK$	Mining services HK$	Entertainment operations HK$	Others HK$	Total HK$
Turnover						
External sales	140,214,793	85,172,407	9,697,641	4,640,365	–	239,725,206
(Loss)/Earning before interest, tax and depreciation	(58,022,159)	12,929,033	(568,297,764)	(12,014,571)	(13,246,317)	(638,651,778)
Depreciation	(930,435)	(2,336,260)	(3,195,329)	(5,686)	(5,360,716)	(11,828,426)
Finance costs	–	–	(404)	–	–	(404)
Result						
Segment result	(58,952,594)	10,592,773	(571,493,497)	(12,020,257)	(18,607,033)	(650,480,608)
Unallocated corporate income						560
Unallocated corporate expenses						(7,169,444)
Finance costs						(5,713,406)
Loss before tax						(663,362,898)
Income tax credit						128,516,887
Loss for the year						(534,846,011)

Consolidated statement of financial position
As at 31 March 2013

	Computer software solution and services HK$	Hotel services HK$	Mining services HK$	Entertainment operations HK$	Others HK$	Total HK$
Assets						
Segment assets	284,319,672	167,962,547	593,173,306	9,303,175	310,011,598	1,364,770,298
Unallocated corporate assets						96,014,200
Consolidated total assets						1,460,784,498
Liabilities						
Segment liabilities	3,036,301	13,151,588	173,875,173	4,469,029	152,151	194,684,242
Unallocated corporate liabilities						185,602,738
Consolidated total liabilities						380,286,980

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For the year ended 31 March 2014

8. SEGMENT INFORMATION *(continued)*

Geographical segments

The Group's operations are principally located in Hong Kong, Australia, Macau, the Philippines and Indonesia. The following table provides an analysis of the Group's turnover by geographical market:

	2014	2013
	HK$	*HK$*
Hong Kong	**55,951,084**	102,728,158
Australia	**55,039,657**	–
Macau	**48,075,000**	42,127,000
The Philippines	**24,835,909**	85,172,407
Indonesia	**3,694,383**	9,697,641
	187,596,033	239,725,206

The following table provides an analysis of the Group's non-current assets by reference to the geographical area in which they are located:

	2014	2013
	HK$	*HK$*
Hong Kong	**482,364,300**	491,187,563
Australia	**104,719,810**	–
Macau	**108,497**	131,509
The Philippines	**70,845,569**	127,825,545
Indonesia	**7,538,176**	548,839,718
	665,576,352	1,167,984,335

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

9. OTHER OPERATING INCOME

	2014 HK$	2013 HK$
Other operating income comprised of the followings:		
Exchange gain	–	2,443,397
Gain on disposal of property, plant and equipment	100,944	30,846
Interest income	1,256,941	1,196,360
Sundry income	2,575,149	1,709,119
	3,933,034	5,379,722

10. FINANCE COSTS

	2014 HK$	2013 HK$
Finance costs comprised of the followings:		
Effective interest expense on convertible notes	6,123,065	5,713,406
Interest on deferred payments	858,848	–
Interest on finance leases	–	404
Interest on interest-bearing borrowing wholly repayable within five years	3,226,236	–
Handling charges for interest-bearing borrowing	6,750,100	–
	16,958,249	5,713,810

11. INCOME TAX CREDIT

	2014 HK$	2013 HK$
The income tax credit/(expense) comprises:		
Current tax:		
Hong Kong Profits Tax	28,762	(8,195,228)
Other than Hong Kong Profits Tax	(1,321,671)	(2,648,319)
	(1,292,909)	(10,843,547)
Deferred tax:		
Reversal of deferred tax liabilities in respect of intangible assets	125,638,995	139,360,434
Recognition of deferred tax assets in respect of other temporary differences	1,331,547	–
	126,970,542	139,360,434
Income tax credit for the year	125,677,633	128,516,887

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

11. INCOME TAX CREDIT *(continued)*

Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) on the estimated assessable profits for the year. Taxation arising in other jurisdictions is calculated on the estimated assessable profits for the year at the rates prevailing in the relevant jurisdictions.

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

	2014	2013
	HK$	*HK$*
Loss before taxation	**(679,646,381)**	(663,362,898)
Tax credit at the Hong Kong Profits Tax rate of 16.5%	**112,141,653**	109,454,878
Tax effect of income not taxable for tax purposes	**10,203,742**	8,321,636
Tax effect of expenses not deductible for tax purposes	**(13,092,715)**	(39,430,845)
Over-provision of prior years	**28,762**	2,102
Effect of different tax rate for subsidiaries operating in other jurisdictions	**50,048,938**	52,714,562
Tax effect of tax losses not recognised	**(31,618,151)**	(2,474,478)
Effect of unrecognised temporary differences	**(2,034,596)**	(70,968)
Income tax credit for the year	**125,677,633**	128,516,887

12. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2014	2013
	HK$	*HK$*
Staff costs:		
Directors' emoluments	**5,138,166**	3,385,009
Salaries and other benefits	**46,728,800**	38,265,152
Retirement benefit scheme contributions (excluding directors)	**2,804,849**	866,721
Total employees benefit expenses	**54,671,815**	42,516,882
Depreciation on property, plant and equipment	**15,946,914**	11,828,426
Direct cost	**77,933,792**	64,406,554
Fair value change on convertible notes	**–**	109,017
Auditor's remuneration	**1,747,168**	1,339,549
Loss on disposal of property, plant and equipment	**716,846**	–
Provision for bad debts	**599,968**	–
and after crediting:		
Gross rental income from investment properties	**–**	79,350,882

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each director for the year ended 31 March 2014 and 2013 were as follows:

	Directors fee		Salaries and other benefits		Retirement benefits scheme contributions		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Executive directors								
Mr. Cheng Ting Kong*	–	–	409,500	–	15,000	–	424,500	–
Ms. Cheng Mei Ching	–	–	1,270,290	1,113,800	15,000	14,500	1,285,290	1,128,300
Mr. Lee Chi Shing, Caesar	–	–	1,560,000	1,338,675	15,000	14,500	1,575,000	1,353,175
Mr. Lo Kai Bong**	–	–	657,041	–	10,000	–	667,041	–
Mr. Lui Man Wah**	–	–	641,235	–	10,000	–	651,235	–
Mr. Chau Cheok Wa#	–	–	126,000	391,959	5,000	14,500	131,000	406,459
Ms. Yeung So Lai##	–	–	42,000	131,000	2,100	6,075	44,100	137,075
	–	–	4,706,066	2,975,434	72,100	49,575	4,778,166	3,025,009
Independent non-executive directors								
Mr. Chan Tin Lup Trevor	120,000	120,000	–	–	–	–	120,000	120,000
Mr. Tou Kin Chuen	120,000	120,000	–	–	–	–	120,000	120,000
Mr. Wang Zhigang	120,000	120,000	–	–	–	–	120,000	120,000
	360,000	360,000	–	–	–	–	360,000	360,000
Total	360,000	360,000	4,706,066	2,975,434	72,100	49,575	5,138,166	3,385,009

* appointed on 5 July 2013
** appointed on 13 August 2013
\# resigned on 5 July 2013
\#\# resigned on 13 August 2013

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(b) Employees' emoluments

Of the five individual with the highest emoluments in the Group, two (2013: two) were directors of the Company whose emoluments are included in (a) above. The emoluments of the remaining three (2013: three) individuals were as follows:

	2014 **_HK$_**	2013 *HK$*
Salaries and other benefits	**11,696,000**	1,623,700
Retirement benefit scheme contributions	**45,000**	43,500
Share options granted	**–**	–
	11,741,000	1,667,200

The emoluments were within the following bands:

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

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

14. DIVIDENDS

No final dividend was proposed by the Board for the year ended 31 March 2014 (2013: Nil).

15. LOSS PER SHARE

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

	2014 HK$	2013 HK$
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(338,869,482)**	(327,543,460)

	2014	2013 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share *(Note 1)*	**667,325,605**	663,234,000
Effect of dilutive potential ordinary shares:		
Share options *(Note 2)*	**–**	–
Convertible notes *(Note 3)*	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**667,325,605**	663,234,000

Notes:

(1) The weighted average number of ordinary shares for 2013 has been retrospectively adjusted and restated to take into account the impact of open offer and the share consolidation completed in 2014.

(2) The computation of the diluted loss per share for the years ended 31 March 2014 and 2013 does not assume the exercise of Company's outstanding share options since their assumed exercise would result in a decrease in loss per share.

(3) The computation of diluted loss per share for the year ended 31 March 2013 does not assume the conversion of the outstanding convertible notes as their assumed conversion would result in a decrease in loss per share for 2013. There are no outstanding convertible notes in 2014.

16. INTANGIBLE ASSETS

The Group

	Mining rights *HK$*
Cost	
At 1 April 2012	1,142,579,042
Foreign currency realignment	(1,798,929)
At 31 March 2013 and 1 April 2013	1,140,780,113
Foreign currency realignment	(1,515,974)
At 31 March 2014	1,139,264,139
Amortization and impairment losses	
At 1 April 2012	50,341,972
Foreign currency realignment	(3,593)
Impairment loss recognised in profit or loss	557,441,734
At 31 March 2013 and 1 April 2013	607,780,113
Foreign currency realignment	(535,150)
Impairment loss recognised in profit or loss	532,019,176
At 31 March 2014	1,139,264,139
Carrying amount	
At 31 March 2014	–
At 31 March 2013	533,000,000

The intangible assets of the Group represent the mining rights acquired in year 2010 with respect to the mines situated at Indonesia.

Impairment testing of intangible assets

During the year ended 31 March 2014, the directors of the Company appointed an independent professional valuer, Roma Appraisals Limited, to perform a mining rights valuation with respect to mines situated at Padang and Ende, Indonesia and impairment loss amounting to HK$532,019,176 (2013: HK$557,441,734) has been recognised according to the shortfall between the recoverable amount and the aggregate carrying amounts of the mining rights (being the Cash Generating Unit to which the mining unit has been allocated) based on the valuation report. The value in use calculation is based on a discount rate of 19.36% (2013: 18.81%) and cash flow projections prepared from the financial forecasts approved by the directors of the Company covering a 13-year period (at Padang) and 16-year period (at Ende). And owing to the export restriction of the subsidiaries in Indonesia, the selling price of iron ores adopted for valuation was significantly below the current export market price. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the Group's past performance on mining services and management's expectations for the market development.

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17. GOODWILL

The Group

	HK$
Cost	
At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014	510,685,062
Impairment losses	
At 1 April 2013	91,145,764
Charge for the year	189,655,069
At 31 March 2013 and 1 April 2013	280,800,833
Charge for the year	49,371,093
At 31 March 2014	330,171,926
Carrying amount	
At 31 March 2014	**180,513,136**
At 31 March 2013	229,884,229

Impairment testing of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash generating units. The carrying amounts of goodwill (net of accumulated impairment losses) as at 31 March 2014 are allocated as follows:

	2014 *HK$*	2013 *HK$*
Computer software solution and services	**180,513,136**	180,513,136
Hotel services	–	49,371,093
	180,513,136	229,884,229

During the year ended 31 March 2014, the directors of the Company reassessed the recoverable amount of the Cash Generating Units ("CGU") of computer software solution and services and hotel services with reference to the valuation performed by Messrs. Asset Appraisal Limited and Grant Sherman Appraisal Limited respectively, independent qualified professional valuers and determined that no impairment loss (2013: impairment loss HK$159,725,686) on goodwill associated with the CGU of computer software solution and services, and impairment loss HK$49,371,093 (2013: HK$29,929,383) on goodwill associated with the CGU of hotel services were identified respectively.

17. GOODWILL *(continued)*

Impairment testing of goodwill *(continued)*

The recoverable amount of goodwill allocated to computer software solution and services segment was assessed by reference to value-in-use model which based on a six years cash flow projection approved by the directors of the Company with a zero growth rate (2013: zero). A discount rate of approximately 16.61% (2013: 15%) per annum was applied in the value-in-use model when assessing the recoverability of the goodwill. There are a number of assumptions and estimates involved for the preparation of the cash flow projection. Key assumptions included gross margin and discount rate which are determined by the management of the Group based on past performance and its expectation for market development. Gross margin are budgeted gross margin. The discount rate used is pre-tax and reflect specific risks relating to the industry.

The recoverable amount of goodwill allocated to hotel services segment was assessed by reference to discounted cash flow model which based on 18.5 years (2013: 19.5 years) cash flow projection approved by directors of the Company with a 6.5% growth rate for first 10 years and then with 3.5% growth rate annually (2013: zero) and a discount rate of 15.18% (2013: 15.63%) per annum for valuing the business enterprise of hotel services. The value of goodwill includes the value of assembled workforce. Key assumptions included there are no major changes in the existing political, legal and economic conditions in the Philippines where the hotel services segment carries its business. Other assumption included it has an operating period of the resort until 2032.

18. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings HK$	Computer equipment HK$	Office equipment HK$	Furniture and fixtures HK$	Machine equipment HK$	Motor vehicles HK$	Yacht HK$	Leasehold improvements HK$	Construction in progress HK$	Farm and vet equipment HK$	Total HK$
Cost											
At 1 April 2012	12,342,938	3,209,687	539,844	7,825,890	13,208,524	7,080,431	–	4,937,981	1,105,854	–	50,251,149
Additions	–	368,046	18,580	60,340	–	–	30,009,112	80,778	722,702	–	31,259,558
Disposals	–	–	–	–	–	(374,080)	–	–	–	–	(374,080)
Disposals of subsidiaries	–	–	–	–	–	(763,177)	–	–	–	–	(763,177)
Written off	–	(16,863)	–	–	–	–	–	–	–	–	(16,863)
Foreign currency realignment	(688,786)	85,289	(165)	332,140	(737,091)	96,491	–	–	51,218	–	(860,904)
At 31 March 2013 and 1 April 2013	11,654,152	3,646,159	558,259	8,218,370	12,471,433	6,039,665	30,009,112	5,018,759	1,879,774	–	79,495,683
Additions	26,933,489	555,039	1,275,295	119,208	–	3,194,521	–	2,507,993	–	16,651,696	51,237,241
Disposals	–	–	–	–	–	(1,192,738)	–	(522,253)	(662,013)	–	(2,377,004)
Transfer from investment property *(Note 19)*	74,658,621	–	–	–	–	–	–	–	–	–	74,658,621
Foreign currency realignment	(8,412,340)	(167,861)	–	(647,029)	(1,794,008)	(349,360)	–	–	(157,863)	–	(11,528,461)
At 31 March 2014	**104,833,922**	**4,033,337**	**1,833,554**	**7,690,549**	**10,677,425**	**7,692,088**	**30,009,112**	**7,004,499**	**1,059,898**	**16,651,696**	**191,486,080**
Depreciation											
At 1 April 2012	1,271,406	2,547,990	176,501	4,117,226	4,569,891	4,324,756	–	942,295	–	–	17,950,065
Charge for the year	475,582	483,514	104,321	1,635,533	2,544,617	1,338,870	4,244,931	1,001,058	–	–	11,828,426
Written back upon disposal	–	–	–	–	–	(210,332)	–	–	–	–	(210,332)
Written back upon disposal of subsidiaries	–	–	–	–	–	(624,492)	–	–	–	–	(624,492)
Written off	–	(14,854)	–	–	–	–	–	–	–	–	(14,854)
Foreign currency realignment	(80,366)	75,126	(153)	184,791	(305,403)	60,853	–	–	–	–	(65,152)
At 31 March 2013 and 1 April 2013	1,666,622	3,091,776	280,669	5,937,550	6,809,105	4,889,655	4,244,931	1,943,353	–	–	28,863,661
Charge for the year	2,925,058	405,286	228,545	1,230,839	2,208,714	952,489	6,001,822	1,242,286	–	751,875	15,946,914
Written back upon disposal	–	–	–	–	–	(1,081,179)	–	(467,420)	–	–	(1,548,599)
Foreign currency realignment	(317,221)	(164,048)	161	(514,940)	(1,054,532)	(289,575)	–	–	–	5,586	(2,334,569)
At 31 March 2014	**4,274,459**	**3,333,014**	**509,375**	**6,653,449**	**7,963,287**	**4,471,390**	**10,246,753**	**2,718,219**	**–**	**757,461**	**40,927,407**
Carrying amount											
At 31 March 2014	**100,559,463**	**700,323**	**1,324,179**	**1,037,100**	**2,714,138**	**3,220,698**	**19,762,359**	**4,286,280**	**1,059,898**	**15,894,235**	**150,558,673**
At 31 March 2013	9,987,530	554,383	277,590	2,280,820	5,662,328	1,150,010	25,764,181	3,075,406	1,879,774	–	50,632,022

At the reporting date, the Group's interests in buildings are located in Australia of HK$26,718,920 (2013: HK$Nil) in Indonesia of HK$1,948,399 (2013: HK$ 9,987,530) and the Philippines of HK$71,892,144 (2013: HK$Nil) approximately.

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19. INVESTMENT PROPERTIES

The Group

Fair value

	HK$
At 1 April 2012	76,652,958
Foreign currency realignment	3,550,215
Net decrease in fair value recognised in profit or loss	(6,203,173)
At 31 March 2013 and 1 April 2013	74,000,000
Additions	658,621
Transfer to property, plant and equipment *(Note 18)*	(74,658,621)
At 31 March 2014	–

	2014 **HK$**	2013 HK$
Properties in the Philippines under:		
Medium-term lease	–	74,000,000

Pursuant to the announcement dated 12 April 2013, the Group announced that a lease agreement (the "Lease Agreement") entered into between a subsidiary of the Company as lessor and an independent third party as lessee in relation to the lease of approximately 245 hotel rooms of a hotel resort complex located in the Philippines owned and operated by the Group expired in April 2013 and the Lease Agreement was not renewed. The related properties become owner-occupied by the Group from April 2013 and all the Investment properties have been classified as Property, plant and equipment at the expiry date of the Lease Agreement (2013: measured using the fair value model and are classified and accounted for as investment properties).

The fair value of investment properties measured at the reporting date categorised as level 3 of the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The fair value of the Group's investment properties at 31 March 2013 has been arrived at on the basis of valuation carried out on that date by Messrs. Grant Sherman Appraisal Limited, independent qualified professional valuers not connected with the Group. Messrs. Grant Sherman Appraisal Limited is members of Institute of Values. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions.

20. INTERESTS IN SUBSIDIARIES

The Company

	2014 HK$	2013 HK$
Unlisted investment, at cost	567,874	567,874
Less: impairment loss	(567,874)	(567,874)
Investment in a subsidiary	–	–
Amounts due from subsidiaries	1,449,176,627	1,168,626,631
Amounts due to subsidiaries	(360,495,328)	(258,734,726)

The amounts due from subsidiaries amounting of HK$166,627,513 (2013: Nil) are interest bearing at 8% and the remaining balances of HK$1,282,549,114 (2013: HK$1,168,626,631) are interest free.

The amounts due from/(to) subsidiaries are unsecured and have no fixed repayment terms.

The following list contains only the particulars of the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results, assets and liabilities of the Group. To give details of other subsidiaries would in the opinion of the directors, result in particulars of excessive length. The class of shares held is ordinary unless otherwise stated.

Name of subsidiary	Place of incorporation	Form of legal entity	Issued and fully paid up ordinary share capital	Proportion of ownership interest and voting power held Directly %	Indirectly %	Principal activities
Galileo Capital Group (BVI) Limited	British Virgin Islands	Limited company	US$10,000	100	–	Investment holding in Hong Kong
Golden Harvest Trading Limited	Hong Kong	Limited company	HK$2	–	100	Provision of administrative services for the Group in Hong Kong
Loyal King Investments Limited	British Virgin Islands	Limited company	US$50,000	–	100	Investment holding
Alliance Computer Services Limited	Hong Kong	Limited company	HK$200,000	–	97	Provision of computer software solution and services

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20. INTERESTS IN SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation	Form of legal entity	Issued and fully paid up ordinary share capital	Proportion of ownership interest and voting power held Directly %	Indirectly %	Principal activities
Alliance Computer Systems Limited	Hong Kong	Limited company	HK$20,000	–	60	Provision of computer software solution and services
Superb Kings Limited	British Virgin Islands	Limited company	US$50,000	–	100	Investment holding
Gold Track Coal and Mining Limited	British Virgin Islands	Limited company	US$10,000	–	54	Trading and extraction of minerals and investment holding
Gold Track Mining and Resources Limited	British Virgin Islands	Limited company	US$21,739	–	54	Trading and extraction of minerals and investment holding
Sun Macro Limited	British Virgin Islands	Limited company	US$1	–	100	Investment holding
Sun Kingdom Pty. Limited	Australia	Limited company	AUD100	–	100	Trading of bloodstocks
Eliza Park International Pty. Limited	Australia	Limited company	AUD100	–	100	Provision of equine related services and investment in stallions
Sun Farm Land Pty. Limited	Australia	Limited company	AUD100	–	100	Property investment holding
Kimbo Consultancy Pty. Limited	Australia	Limited company	AUD100	–	100	Provision of human resources and administrative services for the subsidiaries in Australia

None of the subsidiaries had any debt capital outstanding at the end of the year or at any time during the year.

21. INTERESTS IN ASSOCIATES

The Group

	2014 HK$	2013 HK$
Cost of unlisted investments	280,000,000	280,000,000
Share of post-acquisition losses	(2,778,894)	(2,454,042)
	277,221,106	277,545,958
Amount due from associate	4,826,681	2,922,126
Interests in associates	282,047,787	280,468,084

Amount due from associates are unsecured and have no fixed repayment terms.

Particulars of the Group's associates at 31 March 2014 are as follows:

Name of associate	Place of registration/operation	Percentage of issued share capital/ registered capital held by the Group	Issued share capital/ registered capital	Principal activities
Yuet Sing Group Limited	British Virgin Islands	35%	USD50,000	Investment holding
日盛世紀(湖北)礦業有限公司	People's Republic of China	35%	RMB94,489,984	Mining operation

The summarised financial information in respect of the Group's associates are set out as follows:

	2014 HK$	2013 HK$
Total assets	825,922,090	821,814,792
Total liabilities	(30,901,573)	(28,826,341)
Net assets of associates	795,020,517	792,988,451
Group's share of net assets	278,257,181	277,545,958
Total revenue	–	–
Loss for the year	(928,149)	(2,843,522)
Group's share of losses for the year	(324,852)	(995,233)

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21. INTERESTS IN ASSOCIATES *(continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates recognised in the consolidated financial statements:

	2014 HK$	2013 HK$
Net assets	795,020,517	792,988,451
Proportion of the Group's ownership interests in associates	35%	35%
Group's share of net assets	278,257,181	277,545,958
Foreign currency realignment and other adjustment	(1,036,075)	–
Net book value of investment in associate	277,221,106	277,545,958

22. BIOLOGICAL ASSETS

The Group

One of the subsidiaries of the Group is holding quality Stallions and provide horse breeding services in Australia, and another subsidiary of the Group is engaged in the rearing of Bloodstocks for trading and racing in Australia. The quantity and value of Stallions and Bloodstocks owned by the Group at the end of reporting period are shown below.

	2014		2013	
	No. of horse	HK$	No. of horse	HK$
Current assets				
Bloodstocks				
Mares	57	60,864,026	–	–
Colts	34	37,764,266	–	–
Fillies	31	28,260,438	–	–
Total Bloodstocks	122	126,888,730	–	–
Non-current assets				
Stallions	11	51,125,209	–	–
Total biological assets	133	178,013,939	–	–

Stallions represent adult male horses that have not been castrated and are held for breeding purpose. The Stallions are classified as non-current assets as the Group has no intention to sell those Stallions in a foreseeable future.

Bloodstocks represent thoroughbred horses held for resale and racing purpose and are classified as current assets.

22. BIOLOGICAL ASSETS *(continued)*

The value of Stallions and Bloodstocks at the end of the reporting period were:

	2014 Stallions *HK$*	2014 Bloodstocks *HK$*
At beginning of the reporting period	**–**	–
Increase due to purchases	**94,182,266**	94,066,942
Foreign currency realignment	**(2,346,178)**	–
Change in fair value	**(40,710,879)**	35,961,551
Decrease due to sales	**–**	(3,139,763)
At end of the reporting period	**51,125,209**	126,888,730

The fair value of the biological assets measured at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The biological assets of the group are classified as level 3 under the fair value hierarchy. The level into which a fair value measurement classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

The qualification of Valuer

The Group's biological assets were independently valued by William Inglis & Son Limited, which is an Australian leading bloodstock agency and was established in year 1867 ("Valuer"), as at 31 March 2014 (the "Valuation Date"). The professional valuer in charge of this valuation has appropriate qualification and relevant experiences in various appraisal assignments involving biological assets, the valuer has worked in the industry of thoroughbred bloodstock trade since 1970s and provides regular Bloodstock valuations in Australia.

As stated in the valuation report, the valuation methodologies adopted are consistent with those described in accounting standards IAS 41 Agriculture which is conformed with the requirements of HKAS 41 Agriculture.

Based on the above qualification, history and various experiences of the Valuer, the directors of the Company are of the view that the Valuer is competent to determine the fair value of the Group's biological assets.

Valuation methodology of biological assets

In the process of valuing the biological assets, the Valuer has taken into consideration the nature and specialty of the above biological assets and considered that combination of the market approach and income approach would be appropriate and reasonable in the valuation of the fair value less costs to sell of the biological assets by making reference to the requirement of HKAS 41 Agriculture.

Valuation of Stallions and Bloodstocks (including Mares, Colts and Fillies)

The valuations are based on fair market value. In determining the fair market value, the valuer has had regard to the price that would be received to sell the asset in an orderly transaction in the principal market for such asset at the valuation date under current market conditions. The characteristics and location of the assets have been taken into account in ascertaining how a market participant may price the asset.

22. BIOLOGICAL ASSETS *(continued)*

Where available, publicly observable information has been used to the maximum extent possible in deriving valuations. In the absence of such information, or where such observable information is believed not to derive a fair value measurement at measurement date, Valuer has adopted valuation techniques with inputs that valuer believes are reasonably based.

With respect to the valuation of horses, Valuer adopted a stand-alone basis of valuation. In this regard, each horse is valued having regard to the price that the horse could be realized for at auction less the costs of disposal. Such valuations are determined having regard to that horse's pedigree which takes into account the success and value of related bloodlines. In the rare event that a market based value cannot be derived, initial cost of acquisition may be used to approximate fair value, particularly where the horse was acquired within the past year. Alternatively, a present value of expected net cash flows from the asset discounted at a current market determined rate has been used for the purpose of ascertaining fair value.

Major inputs

The major inputs for the above models are the discount rate, income from the horse and expected remaining life of the horse.

Valuation assumptions

In addition, the following principal assumptions have been adopted by the Valuer:

i) All horses being in good health, of good conformation, and suitable for future rearing, sale, racing and breeding purposes in the opinion of a qualified veterinary surgeon.

ii) A market participant would acquire the asset for utilization in its highest and best usage.

iii) An acquirer is financially feasible, physically possible, and equally permissible with respect to the assets.

iv) The current utilization of the assets is presumed to represent the highest and best usage.

As the valuation results are subjective based on the experiences of the Valuer and current market conditions which are unable quantitatively measured, accordingly, the directors of the Company consider that no sensitivity analysis is presented.

23. INVENTORIES

The Group

	2014 ***HK$***	2013 *HK$*
Work in progress	**1,216,232**	1,414,593
Finished goods	**21,268,518**	24,022,023
	22,484,750	25,436,616

All the inventories as at the reporting dates are carried at cost.

The amount of write-down of inventories recognised as an expense was HK$277,000 (2013: Nil) and are recognised in administrative expenses.

24. TRADE RECEIVABLES

The Group

	2014 HK$	2013 HK$
Trade receivables	63,443,715	79,412,065
Less: Provision for bad debts	(599,968)	–
	62,843,747	79,412,065

The following is an aged analysis of trade receivables at the reporting date:

	2014 HK$	2013 HK$
Within 30 days	23,464,820	19,400,409
31–60 days	26,397,817	17,039,733
61–90 days	1,061,396	12,370,523
Over 90 days	11,919,714	30,601,400
	62,843,747	79,412,065

The average credit period on the trade receivables is 30-180 days. The carrying amounts of the trade receivables are mainly denominated in Hong Kong Dollars and Australian Dollars. The age of trade receivables which are past due but not impaired were as follows:

	2014 HK$	2013 HK$
Within 30 days	–	–
31–60 days	–	–
61–90 days	–	–
Over 90 days	1,784,354	659,105
	1,784,354	659,105

Trade receivables of HK$1,784,354 (2013: HK$659,105) that were past due for over 90 days (2013: over 90 days) but not impaired for. These balances related to a number of customers that have good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

In determining the recoverability of trade receivables, the directors of the Company considered any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. Accordingly, the directors of the Company considered provision for impairment in values be made in respect of trade receivables to their recoverable values and believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The directors of the Company consider that the carrying amounts of the Group's trade receivables at the reporting date are approximated to their fair values.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*
Prepayments	**4,429,006**	1,273,800	**–**	–
Deposits	**4,030,401**	3,285,438	**58,000**	33,333
Other receivables and advance payments	**3,441,735**	10,490,509	**63**	69,088
	11,901,142	15,049,747	**58,063**	102,421

The directors of the Company consider that the carrying amounts of the Group's and the Company's prepayments, deposits and other receivables at the reporting date are approximated to their fair values.

26. BANK BALANCES AND CASH

The carrying amounts of the Group's bank balances and cash are denominated in the following currencies:

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*
Hong Kong Dollar	**34,836,092**	105,502,237	**3,497,904**	47,090,998
Australian Dollar	**25,353,796**	–	**303,145**	–
Philippine Peso	**1,875,097**	5,872,603	**–**	–
United States Dollar	**1,485,187**	60,585,561	**151,407**	48,820,781
Indonesian Rupiah	**1,063,720**	336,295	**–**	–
Renminbi	**77,029**	177,248	**–**	–
Others	**414,982**	427,791	**–**	–
	65,105,903	172,901,735	**3,952,456**	95,911,779

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

At 31 March 2014, bank balances of approximately HK$65,105,903 (2013: HK$172,901,735) are subjected to floating interest rate ranged from 0% to 0.35% (2013: 0% to 0.50%) per annum.

27. AMOUNTS DUE FROM NON-CONTROLLING SHAREHOLDERS OF A SUBSIDIARY

The Group

This amounts due are unsecured, non-interest bearing and have no fixed repayment terms. The directors of the Company consider that the carrying amounts of the amounts due from non-controlling shareholders of a subsidiary at the reporting date are approximated to their fair values.

28. ACCRUALS AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*
Accruals	**20,657,797**	10,085,495	**775,236**	479,269
Other payables	**30,522,870**	21,052,360	**–**	–
Provision of long service leave and annual leave	**3,290,440**	–	**–**	–
	54,471,107	31,137,855	**775,236**	479,269

The directors of the Company consider that the carrying amounts of the Group's and the Company's accruals and other payables at the reporting date are approximated to their fair values.

29. TRADE PAYABLES

The Group

The following is an aged analysis of trade payables at the reporting date:

	2014	2013
	HK$	*HK$*
Within 30 days	**25,385,194**	5,562,425
31–90 days	**4,952,574**	191,848
91–120 days	**–**	20,972
Over 180 days	**2,071,083**	1,935,528
	32,408,851	7,710,773

The average credit period on trade payables is 90 days (2013: 90 days). The Group has financial risk management policies in place to ensure all payables are settled within the credit timetable.

The directors of the Company consider that the carrying amounts of the Group's trade payables at the reporting date are approximated to their fair values.

30. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The Group

This amount due is unsecured, non-interest bearing and has no fixed repayment terms. In the opinion of the directors of the Company, no part of the amount due will be repaid within twelve months as at 31 March 2014. Accordingly, the amount due is classified as non-current liability as at 31 March 2014.

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31. DEPOSITS RECEIVED AND DEFERRED INCOME

The Group

	2014 HK$	2013 HK$
Deposits received	3,184,284	1,083,336
Deferred income	35,525,867	–
	38,710,151	1,083,336

Deposits received are expected to be settled within one year.

Deferred income represents the Stallions services income received but waiting viable live foal is produced and is expected to be settled within one year.

The directors of the Company consider that the carrying amounts of the Group's deposits received and deferred income at the reporting date is approximated to their fair values.

32. PROMISSORY NOTE

The Group and the Company

	2014 HK$	2013 HK$
Current	140,000,000	–
Non-current	–	140,000,000
	140,000,000	140,000,000

On 31 March 2011, the Company issued a promissory note in aggregate principal amount of HK$140,000,000 as part of consideration for the acquisition of 日盛世紀（湖北）礦業有限公司. The promissory note was unsecured, interest free and originally mature on 30 March 2013. The Company renewed the promissory note with the note-holder to extend the maturity date of the promissory note to 31 March 2015 subsequently in 2013.

The promissory note may be assigned or transferred (in integral multiple of HK$500,000) to any third party (whether such party is a connected person to the Company or not) subject to the Listing Rules and the applicable laws. The Company may repay all or part of the principle amount at any time prior to the maturity date (i.e. 31 March 2015) by giving the note-holder not less than five business days' prior written notice specifying the amount and date of repayment provided that the amount shall be at least HK$500,000. Otherwise, the payment of principal and last interest payment of promissory note shall be made in full upon the maturity date.

The directors of the Company consider that the carrying amount of promissory note is approximated to its fair value.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

33. DEFERRED TAXATION

The Group

The following are the major deferred tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior reporting years:

	Deferred tax assets in respect of temporary differences *HK$*	Deferred tax (liabilities) in respect of intangible assets, investments properties and other *HK$*	2014 Total *HK$*
At 1 April 2012	–	(265,516,993)	(265,516,993)
Credit to profit or loss for the year	–	139,360,434	139,360,434
At 31 March 2013 and 1 April 2013	–	(126,156,559)	(126,156,559)
Credit to profit or loss for the year	1,331,547	125,638,995	126,970,542
At 31 March 2014	1,331,547	(517,564)	813,983

34. CONVERTIBLE NOTES

The Group and the Company

On 8 December 2010, the Company issued convertible notes with a principal amount of RMB130,000,000, which is interest bearing at 8% per annum, payable annually in arrears. The convertible notes due on 7 December 2013 is convertible into fully paid ordinary shares with a par value of HK$0.04 each of the Company at an initial conversion price of HK$2 per share, subject to adjustment. The effective interest rate is 8.54%. During the year ended 31 March 2014, the convertible notes with a principal amount of RMB33,000,000 (2013: RMB32,000,000) was redeemed.

The convertible notes contain liability and equity components and redemption option. The equity component is presented in equity heading "convertible notes reserve" and the redemption option is presented in current assets heading "derivative financial instruments" and was measured at fair value with changes in fair value recognised in profit and loss.

The fair value of the liability component of the convertible notes at 31 March 2014 is determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for and equivalent non-convertible loan at the end of the reporting period.

Notes to the Consolidated Financial Statements

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34. CONVERTIBLE NOTES *(continued)*

The Group and the Company *(continued)*

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

	Equity component *HK$*	Liability component *HK$*
At 1 April 2012	14,039,644	81,347,650
Early redemption of convertible notes (note b)	(4,345,260)	(39,210,432)
Interest expenses paid	–	(3,201,900)
Interest expenses charged	–	5,713,406
Change in fair value	–	109,017
Foreign currency realignment	–	365,728
At 31 March 2013 and 1 April 2013	9,694,384	45,123,469
Redemption of convertible notes on maturity (note a)	(9,694,384)	(48,840,226)
Interest expenses paid	–	(3,338,518)
Interest expenses charged	–	6,123,065
Transfer to retained earnings	–	8,285,780
Charged to translation reserve	–	(8,285,780)
Foreign currency realignment	–	932,210
At 31 March 2014	–	–

Notes:

(a) On 8 December 2013, the convertible notes were matured and fully settled by the Company. After redemption, a remaining balance of HK$9,694,384 in the equity component has been transferred to retained earnings in accordance with HKAS 39.

(b) On 14 December 2012, part of convertible notes were early redeemed by the Company. A loss of HK$951,964 was derived from derecognition of derivative financial instruments.

35. INTEREST-BEARING BORROWING

The Group and the Company

	2014 **HK$**	2013 *HK$*
Borrowing from a financial institution	**101,226,337**	–

The repayment schedule of the borrowing is as follows:

	2014 **HK$**	2013 *HK$*
Due within 2-5 years inclusive	**101,226,337**	–

35. INTEREST-BEARING BORROWING *(continued)*

The facility with a limit of HK$150,000,000 (2013: Nil) is granted by a financial institution and is interest bearing at HSBC prime rate +3.5%, with maturity on 23 June 2016, and is secured as follows:

(i) Personal guarantees from Mr. Cheng Ting Kong, a director of the Company and Mr. Chau Cheok Wa, a former director of the Company;

(ii) A corporate guarantee by a related company, Power Ocean Holdings Limited in which Mr. Cheng Ting King and Mr. Chau Cheok Wa have a beneficial interest; and

(iii) Pledges of listed securities held in account of Power Ocean Holdings Limited, the Company and/or any third parties with the financial institution.

36. SHARE CAPITAL

The Group and the Company

	2014	2013
	HK$	*HK$*
Authorised:		
1,500,000,000 ordinary shares of HK$0.08 each (2013: 3,000,000,000 ordinary shares of HK$0.04 each)	**120,000,000**	120,000,000
Issued and fully paid:		
695,700,000 ordinary shares of HK$0.08 each (2013: 927,600,000 ordinary shares of HK$0.04 each)	**55,656,000**	37,104,000

In January 2014, the Company raised approximately HK$46,380,000 by way of issuing 463,800,000 ordinary shares of HK$0.04 each at the subscription price of HK$0.10 per share basis on one offer share for every two shares held on 20 January 2014, the record date of the open offer to provide additional working capital.

Pursuant to an ordinary resolution passed by the shareholders of the Company on 13 January 2014 and an extraordinary general meeting on 13 January 2014, every 2 issued and unissued ordinary shares of HK$0.04 each in share capital of the Company be consolidated into one ordinary share of HK$0.08 each.

Subsequent to the end of reporting period, pursuant to an ordinary resolution passed by the shareholders of the Company on 30 May 2014, the authorised share capital of the Company was increased from HK$120,000,000 to HK$1,600,000,000 by the creation of 18,500,000,000 ordinary shares of HK$0.08 each, such new ordinary shares ranking pari passu in all respects with the existing shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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37. RESERVES

The Company

	Share premium HK$	Contributed surplus HK$	Capital redemption reserve HK$	Share options reserve HK$	Convertible notes reserve HK$	Translation reserve HK$	Retained profits/ (Accumulated losses) HK$	Total HK$
As at 1 April 2012	747,247,169	367,874	254,600	38,254,919	14,039,644	(8,285,779)	3,748,490	795,626,917
Loss for the year	–	–	–	–	–	–	(8,082,290)	(8,082,290)
Transactions with owners: Equity component of convertible notes	–	–	–	–	(4,345,260)	–	–	(4,345,260)
Total transactions with owners of the Company	–	–	–	–	(4,345,260)	–	–	(4,345,260)
At 31 March 2013 and 1 April 2013	747,247,169	367,874	254,600	38,254,919	9,694,384	(8,285,779)	(4,333,800)	783,199,367
Loss for the year	–	–	–	–	–	–	(15,993,122)	(15,993,122)
Transactions with owners:								
Open offer	27,828,000	–	–	–	–	–	–	27,828,000
Equity component of convertible notes	–	–	–	–	(9,694,384)	8,285,779	1,408,605	–
Total transactions with owners of the Company	27,828,000	–	–	–	(9,694,384)	8,285,779	1,408,605	27,828,000
At 31 March 2014	**775,075,169**	**367,874**	**254,600**	**38,254,919**	**–**	**–**	**(18,918,317)**	**795,034,245**

38. SHARE OPTION SCHEME

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, any person or entity providing research, development or other technological support to the Group, and any other person or entity determined by the directors as having contributed or may contribute to the development and growth of the Group. The Company has two share option schemes, one was adopted on 29 November 2000 and expired in 2010 and another one was adopted on 5 December 2006 (the "New Scheme").

38. SHARE OPTION SCHEME *(continued)*

New Scheme

On 5 December 2006, the Company adopted a new share option scheme. The New Scheme became valid and effective for a period of ten years commencing from the adoption of the New Scheme, after which period no further options will be granted but the provisions of the New Scheme shall remain in full force and effect in all other respects.

The participants of the New Scheme to whom options may be granted by the Board shall include any director, employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group whom the Board in its sole discretion considers eligible for the New Scheme on the basis of his/her contribution to the development and growth of the Group.

No participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12 month period up to and including the date of grant to such participant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting. The number and terms of options to be granted to each grantee must be fixed before the shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company (the "Scheme Mandate Limit") shall not exceed 10% of the total number of Shares in issue unless the Company obtains a fresh approval from its shareholders pursuant to the approval of the shareholders in general meetings. At 31 March 2014, the number of shares issuable under share options granted under the Share Option Plan was 158,898,169, which represented approximately 22.84% of the Company's shares in issue as at that date. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes shall not exceed 30% of the shares of the Company from time to time.

The offer of a grant of share options may be accepted within 14 days after the date on which the offer becomes or is declared unconditional. The exercise period of the share options granted is determinable by the board of directors, and commences on any date after the date of grant and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the New Scheme, if earlier.

The exercise price of share options is determined by the board of directors, but may not be less than the higher of (i) the closing price of the Company's shares on the GEM of the Stock Exchange on the date of grant of the option; (ii) the average of the closing prices of the Company's shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company.

The Company will comply with the disclosure requirements under Chapter 23 of the GEM Listing Rules, including without limitation disclosures in the annual and interim reports of the Company including details of the options granted to the following persons: (i) each of the connected person; (ii) each participant with options granted in excess of the limit; (iii) aggregate figures for the employees; (iv) aggregate figures for supplier of goods or services; and (v) all other participants as an aggregate whole.

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38. SHARE OPTION SCHEME *(continued)*

New Scheme *(continued)*

					Number of share options								
Category participants	Date of grant *(note 1)*	2013 Exercise price *HK$*	2014 Adjusted exercise price *HK$*	Exercise period	Outstanding at 1 April 2012	Grant during the year	Exercise during the year	Lapsed during the year	Outstanding at 31 March 2013	Grant during the year	Exercise during the year	Adjusted during the year *(note 3)*	Outstanding at 31 March 2014 *(note 4)*
Mr. Chau Cheok Wa	25.11.2010	1.540	2.240	25.11.2010-24.11.2020	910,000	–	–	–	910,000	–	–	(284,375)	625,625
					910,000	–	–	–	910,000	–	–	(284,375)	625,625
Mr. Lee Chi Shing, Caesar	19.08.2008	1.140	1.660	19.08.2008-18.08.2018	8,380,000	–	–	–	8,380,000	–	–	(2,625,060)	5,754,940
	09.02.2010	0.900	1.300	09.02.2010-08.02.2020	8,300,000	–	–	–	8,300,000	–	–	(2,553,846)	5,746,154
	25.11.2010	1.540	2.240	25.11.2010-24.11.2020	9,150,000	–	–	–	9,150,000	–	–	(2,859,375)	6,290,625
					25,830,000	–	–	–	25,830,000	–	–	(8,038,281)	17,791,719
Ms. Cheng Mei Ching	09.02.2010	0.900	1.300	09.02.2010-08.02.2020	8,300,000	–	–	–	8,300,000	–	–	(2,553,846)	5,746,154
	25.11.2010	1.540	2.240	25.11.2010-24.11.2020	9,150,000	–	–	–	9,150,000	–	–	(2,859,375)	6,290,625
					17,450,000	–	–	–	17,450,000	–	–	(5,413,221)	12,036,779
Consultants in aggregate	13.08.2007	0.760	1.100	13.08.2007-12.08.2017	17,450,000	–	–	–	17,450,000	–	–	(5,393,636)	12,056,364
	17.08.2007	0.720	1.040	17.08.2007-16.08.2017	9,600,000	–	–	–	9,600,000	–	–	(2,953,846)	6,646,154
	21.08.2007	0.690	1.000	21.08.2007-20.08.2017	9,600,000	–	–	–	9,600,000	–	–	(2,976,000)	6,624,000
	19.08.2008	1.140	1.660	19.08.2008-18.08.2018	53,860,000	–	–	–	53,860,000	–	–	(16,871,807)	36,988,193
	27.08.2008	1.160	1.680	27.08.2008-26.08.2018	4,800,000	–	–	–	4,800,000	–	–	(1,485,714)	3,314,286
	16.12.2009	0.740	1.080	16.12.2009-15.12.2019	20,900,000	–	–	–	20,900,000	–	–	(6,579,630)	14,320,370
	25.11.2010	1.540	2.240	25.11.2010-24.11.2020	19,210,000	–	–	–	19,210,000	–	–	(6,003,125)	13,206,875
	07.12.2010	1.740	2.520	07.12.2010-06.07.2020	9,150,000	–	–	–	9,150,000	–	–	(2,832,143)	6,317,857
					144,570,000	–	–	–	144,570,000	–	–	(45,095,901)	99,474,099
Other employees in aggregate	19.08.2008	1.140	1.660	19.08.2008-18.08.2018	4,190,000	–	–	–	4,190,000	–	–	(1,312,530)	2,877,470
	16.12.2009	0.740	1.080	16.12.2009-15.12.2019	28,900,000	–	–	–	28,900,000	–	–	(9,098,148)	19,801,852
	25.11.2010	1.540	2.240	25.11.2010-24.11.2020	9,150,000	–	–	–	9,150,000	–	–	(2,859,375)	6,290,625
					42,240,000	–	–	–	42,240,000	–	–	(13,270,053)	28,969,947
					231,000,000	–	–	–	231,000,000	–	–	(72,101,831)	158,898,169
Weighted average exercise price					1.078				1.078				1.567

38. SHARE OPTION SCHEME *(continued)*

New Scheme *(continued)*

Notes:

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

(2) The exercise price of the share option is subject to adjustment in the case of a capitalization issue, rights issue, sub-division or consolidation of the Company's shares or reduction of the Company's share capital.

(3) The year 2014 exercise price of the share option has been adjusted to take into account the impact of open offer and the share consolidation completed in 2014.

(4) As at 31 March 2014, the weighted average remaining contractual life of the share options is 5.16 years (2013: 6.16 years).

(5) These fair values of the share options granted for the years ended were calculated using the Black-Scholes pricing model. The inputs into the model were at the date of grant of options as follows:

	The Group								
Date of grant	13 August 2007	17 August 2007	21 August 2007	19 August 2008	27 August 2008	16 December 2009	9 February 2010	25 November 2010	7 December 2010
Number of share option	19,200,000	14,400,000	14,500,000	74,200,000	9,600,000	58,100,000	24,900,000	56,720,000	9,150,000
Share price at grant date (HK$)	0.38	0.28	0.34	1.11	1.16	0.74	0.89	1.54	1.74
Weighted average exercise price (HK$)	0.38	0.36	0.35	1.14	1.16	0.74	0.90	1.54	1.74
Expected volatility (expressed as weighted average volatility)	61.97%	62.15%	62.15%	99.81%	96.08%	76.61%	75.08%	60.28%	59.75%
No. of years for option life (expressed as weighted average life)	10	10	10	10	10	10	10	10	10
Expected dividends	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	3.96%	3.97%	3.88%	1.00%	1.15%	0.08%	0.18%	0.27%	0.35%

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

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

No share options were granted for the year ended 31 March 2014 (2013: Nil). At 31 March 2014, the Company had 158,898,169 share options (2013: 231,000,000) outstanding under the Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 158,898,169 (2013: 231,000,000) additional ordinary shares of HK$0.08 each (2013: HK$0.04 each) of the Company and additional share capital of HK$12,711,853 (2013: HK$9,240,000) and cash proceeds to the Company of HK$249,067,002 (2013: HK$247,739,000) (before share issue expenses).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

39. DISPOSAL OF A SUBSIDIARY

On 3 October 2012, the Group disposal of its subsidiary, Galileo Funeral Services Limited. The net assets of Galileo Funeral Services Limited at the date of disposal were as follow:

	HK$
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	138,685
Net assets disposal of	138,685
Gain on disposal of subsidiary	
Cash consideration received	200,000
Net assets disposal of	(138,685)
Gain on disposal	61,315
Net cash inflow arising on disposal	
Cash consideration	200,000

40. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all its qualifying employees. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of 5% of the relevant payroll costs or HK$1,250 for each of its employees to the Scheme per month, which contribution is matched by employees.

The employees for the equine business are employed by the Australian subsidiaries. These employees are members of a state-managed retirement benefit scheme in Australia (Superannuation fund). The Group is required to contribute a 9.25% (2013: Nil) of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

41. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the reporting date, the Group had commitments for future minimum lease payments in respect of rented premises under non-cancellable operating leases which fall due as follows:

	2014 ***HK$***	2013 *HK$*
Within one year	**10,573,782**	10,922,287
In the second to fifth year inclusive	**28,811,688**	21,086,332
After fifth year	**66,914,224**	84,053,580
	106,299,694	116,062,199

Leases and rentals are negotiated for an average term of three years.

42. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions and balances with related parties during the year.

(a) The balances with non-controlling shareholders of subsidiaries are disclosed in notes 27 and 30.

The key management personnel of the Group comprises all directors, details of their emoluments were disclosed in note 13a.

(b) Balances with related parties

	2014 **HK$**	2013 HK$
Included in Prepayments, deposits and other receivables Amount due from a related party which is controlled by Mr. Cheng Ting Kong	**1,143,673**	–
Included in Trade receivables Amount due from a related party which is controlled by Mr. Cheng Ting Kong	**40,000**	–
Included in Prepayments, deposits and other receivables Amount due from a related party which is controlled by Ms. Yeung So Lai, Ms. Cheng Mei Ching, Mr. Lee Chi Shing, Caesar and Mr. Chau Cheok Wa	**–**	1,203,287
Included in Prepayments, deposits and other receivables Amount due from a related party which is controlled by Ms. Yeung So Lai and Mr. Lee Chi Shing, Caesar	**–**	13,700

(c) Transactions with related parties

	2014 **HK$**	2013 HK$
Included in Administrative expenses Advertising expenses paid to a related company which is beneficially owned and controlled by Ms. Cheng Mei Ching	**200,000**	–
Included in Turnover Services fee income received from a related company which is beneficially owned and controlled by Mr. Cheng Ting Kong	**200,000**	–
Included in Turnover Bloodstock sales income received from a related company which is beneficially owned and controlled by Mr. Cheng Ting Kong	**1,840,982**	–
The Group acquired 10% equity interest of a subsidiary Sun United Racing Limited, from Mr. Lo Kai Bong	**1,560,000**	–
Included in Administrative expenses Advertising expenses paid to a related company which is beneficially owned and controlled by Mr. Cheng Ting Kong	**–**	1,000,000

The transactions with related parties were entered into in the ordinary course of business between the Group and its related parties on terms as mutually agreed.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

43. EVENTS AFTER REPORTING PERIOD

i) Pursuant to the announcement dated 16 April 2014, the Group announced that Eliza Park International Pty Limited ("Eliza Park"), an indirect wholly-owned subsidiary of the Company, entered into a master service agreement (the "Master Service Agreement") with Sun Bloodstock Pty Limited ("Sun Bloodstock"), a company wholly owned by Mr. Cheng Ting Kong. Pursuant to the Master Service Agreement, Sun Bloodstock has agreed to engage Eliza Park or other Group's subsidiaries for the horse racing related services including but not limited to breeding, rearing, sales, agistment, spelling, education, administration, advice and training of horses to be provided by Eliza Park or other Group's subsidiaries from time to time.

ii) Pursuant to the announcement dated 2 May 2014, the Group announced that Loyal King Investments Limited ("Loyal King"), an indirect wholly-owned subsidiary of the Company and Mr. Tam Kit Keung, an existing manager of Alliance Computer Systems Limited ("AC Systems"), an indirect subsidiary of the Company, entered into the share sale agreement (the "Share Sale Agreement"), which Loyal King has agreed to sell 60% of the issued share capital of the AC Systems to Mr. Tam Kit Keung for a cash consideration of HK$6,200,000. The Group no longer held any shares of AC Systems after completion of this transaction. Loyal King subsequently recognized a gain on disposal amounting to HK$2,721,200.

iii) Pursuant to the announcement dated 8 May 2014, Sun Kingdom Pty Limited ("Sun Kingdom"), an indirect wholly owned subsidiary of the Company, entered into the acquisition agreement (the "Acquisition Agreement") with the independent third parties vendors. Pursuant to the Acquisition Agreement, Sun Kingdom agreed to purchase 100% title to and ownership interest in a horse at an aggregate consideration of approximately HK$32,670,000.

iv) Pursuant to the announcements dated 1 April 2014 and 23 May 2014, the Group as the issuer and Convoy Investment Services Limited as the placing agent entered into a placing agreement for the purpose of arranging the placees for the subscription for the three-year 9.5% coupon unlisted straight bonds with an aggregate principal amount of up to HK$200,000,000. The placing period was extended to 31 July 2014.

44. COMPARATIVE FIGURES

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

45. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

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

FIVE YEAR FINANCIAL SUMMARY

Summary of the results, assets and liabilities of the Group is as follow:

	For the year ended 31 March				
	2014	2013	2012	2011	2010
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Results					
Turnover	**187,596,033**	239,725,206	234,092,979	201,294,347	181,409,919
(Loss)/profit before taxation	**(679,646,381)**	(663,362,898)	92,384,370	52,464,373	264,000,848
Income tax credit/(expense)	**125,677,633**	128,516,887	(11,152,410)	52,609,083	(9,814,383)
(Loss)/profit for the year from continuing operations	**(553,968,748)**	(534,846,011)	81,231,960	105,073,456	254,186,465
(Loss)/profit for the year from discontinued operations	**–**	–	–	–	–
(Loss)/profit for the year	**(553,968,748)**	(534,846,011)	81,231,960	105,073,456	254,186,465

	At 31 March				
	2014	2013	2012	2011	2010
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Assets and liabilities					
Total assets	**974,207,152**	1,460,784,498	2,160,385,141	2,184,804,234	1,810,255,076
Total liabilities	**(392,684,010)**	(380,286,980)	(540,479,803)	(619,223,362)	(389,341,577)
Net assets	**581,523,142**	1,080,497,518	1,619,905,338	1,565,580,872	1,420,913,499