XING LIN MEDICAL INFORMATION TECHNOLOGY COMPANY LIMITED
杏林醫療信息科技有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8130)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2010

CHRACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE "GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investor should be aware of the potential risk 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Xing Lin Medical Information Technology Company Limited (the "Company") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *For identification purpose only*

RESULTS

The board of directors (the "Board") of Xing Lin Medical Information Technology Company Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010 together with the comparative figures for the corresponding year in 2009.

The Group's financial information for the year ended 31 March 2010 in this announcement was prepared on the basis of the consolidated financial statements which have been reviewed by the Company's independent auditor and the Company's audit committee. The Group has agreed with the auditor as to the contents of this result announcement.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000 (Restated)
Continuing operations			
Turnover	6	**18,963**	1,585
Cost of sales		**(13,439)**	–
Gross profit		**5,524**	1,585
Other revenue	7	**1,632**	1,233
Other operating expenses		**(53,335)**	(11,190)
Fair value gain/(loss) on investment properties		**12,680**	(11,200)
Gain on early redemption of convertible loan note		**33,668**	–
Loss on early redemption of convertible bond		**–**	(430)
Change in fair value of embedded derivative in convertible loan note		**(35,275)**	–
Loss on early redemption of promissory note		**(6,324)**	–
Loss from operations	9	**(41,430)**	(20,002)
Finance costs	8	**(29,423)**	(133)
Loss before taxation		**(70,853)**	(20,135)
Income tax	10	**(657)**	1,014
Loss for the year from continuing operations		**(71,510)**	(19,121)
Discontinued operations			
Loss for the period/year from discontinued operations	11	**(2,692)**	(1,472)
Loss for the year		**(74,202)**	(20,593)
Loss per share	13		
From continuing and discontinued operations – Basic and diluted		**(HK$0.03)**	(HK$0.53)
From continuing operations – Basic and diluted		**(HK$0.03)**	(HK$0.49)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	2010	2009
	HK$'000	*HK$'000*
Loss for the year	**(74,202)**	(20,593)
Other comprehensive income for the year, net of tax		
Exchange differences on translation of financial statements of overseas subsidiaries	**3,199**	(1,996)
Total comprehensive income for the year attributable to the owners of the Company	**(71,003)**	(22,589)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**1,667**	1,047
Investment properties	*14*	**57,254**	40,408
Goodwill		**1,449**	1,449
Intangible assets		**1,158,057**	–
Deferred tax assets		**818**	–
Deposit for investments	*15*	**145,000**	–
		1,364,245	42,904
Current assets			
Films in progress		**–**	13,218
Trade and other receivables	*16*	**24,068**	408
Bank balances and cash		**328,766**	142,409
		352,834	156,035
Current liabilities			
Trade and other payables	*17*	**14,627**	3,717
Bank loan		**469**	343
Tax payable		**1,039**	–
		16,135	4,060
Net current assets		**336,699**	151,975
Total assets less current liabilities		**1,700,944**	194,879
Capital and reserves			
Share capital		**73,247**	12,569
Reserves		**1,134,572**	178,107
Total equity		**1,207,819**	190,676
Non-current liabilities			
Promissory note		**320,440**	–
Convertible bonds		**167,638**	–
Bank loan		**1,345**	1,476
Deferred tax liabilities		**3,702**	2,727
		493,125	4,203
		1,700,944	194,879

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share-based compensation reserve HK$'000	Convertible bonds reserve HK$'000	Statutory reserves HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2008	125,690	65,568	10	2,671	250	–	(292)	(29,928)	163,969
Comprehensive income for the year	–	–	–	–	–	–	–	(20,593)	(20,593)
Other comprehensive income for the year	–	–	–	–	–	–	(1,996)	–	(1,996)
Total comprehensive income for the year	–	–	–	–	–	–	(1,996)	(20,593)	(22,589)
Capital reduction	(124,433)	–	87,244	–	–	–	–	37,189	–
Issue of shares	11,312	33,936	–	–	–	–	–	–	45,248
Share issue expenses	–	(969)	–	–	–	–	–	–	(969)
Recognition of equity-settled share-based payments	–	–	–	5,017	–	–	–	–	5,017
Redemption of convertible bonds	–	–	–	–	(250)	–	–	250	–
Cancellation of share options	–	–	–	(2,091)	–	–	–	2,091	–
Share options lapsed	–	–	–	(1,397)	–	–	–	1,397	–
At 31 March 2009 and 1 April 2009	12,569	98,535	87,254	4,200	–	–	(2,288)	(9,594)	190,676
Comprehensive income for the year	–	–	–	–	–	–	–	(74,202)	(74,202)
Other comprehensive income for the year	–	–	–	–	–	–	3,199	–	3,199
Total comprehensive income for the year	–	–	–	–	–	–	3,199	(74,202)	(71,003)
Transfer to reserve	–	–	–	–	–	394	–	(394)	–
Capital reduction	(11,538)	(99,136)	110,674	–	–	–	–	–	–
Placing of new shares	50,000	450,000	–	–	–	–	–	–	500,000
Share issue expenses	–	(15,993)	–	–	–	–	–	–	(15,993)
Recognition of equity-settled share-based payments	–	–	–	2,703	–	–	–	–	2,703
Exercise of share options	416	9,801	–	(2,610)	–	–	–	–	7,607
Issue of convertible bonds	–	–	–	–	527,530	–	–	–	527,530
Conversion of shares from convertible bonds	21,800	197,834	–	–	(153,335)	–	–	–	66,299
At 31 March 2010	73,247	641,041	197,928	4,293	374,195	394	911	(84,190)	1,207,819

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 9 November 2001 and redomiciled and continued in Bermuda as an exempted company with limited liability on 20 April 2009 and its shares are being listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 1611, 16/F., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong respectively.

The principal activities of the Group are the provision of film production services and film distribution, properties investment and provision of medical information digitalisation system ("MIDS"). During the year, the Group discontinued the business of provision of film production services and film distribution.

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

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

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Company and its subsidiaries (collectively referred to as the "Group"). Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, Operating segments
- HKAS* 1 (revised), Presentation of financial statements
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate
- Amendments to HKFRS 2, Share-based payment – vesting conditions and cancellations
- Amendments to HKFRS 7, Financial instruments: Disclosures – improving disclosures about financial instruments
- HKAS 23 (revised 2007), Borrowing costs
- HKAS 32 & 1, Amendments to Puttable Financial Instruments and Obligations Arising on Liquidation
- HK(IFRIC**) – Int 9 & HKAS 39, Embedded Derivatives
- HK(IFRIC) – Int 13, Customer Loyalty Programmes
- HK(IFRIC) – Int 15, Agreements for the construction of real estate
- HK(IFRIC) – Int 16, Hedges of a net investment in a foreign operation
- HK(IFRIC) – Int 18, Transfers of Assets from Customers

* HKAS represents Hong Kong Accounting Standards.
** IFRIC represents the International Financial Reporting Interpretations Committee.

Except for HKFRS 8 and HKAS 1 (revised), the above amendments to HKFRSs and new Interpretations have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group and the Company. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the financial statements. The impact of the remainder of these developments on the financial statements is as follows:

(a) HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The chief operating decision maker of the Group has been identified as the Chief Executive Officer.

(b) HKAS 1 (revised) affects certain disclosures of the financial statements. Under the revised standard, the Income Statement is renamed as the "Statement of Comprehensive Income", the Balance Sheet is renamed as the "Statement of Financial Position" and the Cash Flow Statement is renamed as the "Statement of Cash Flows". All income and expenses arising from transactions with non-owners (i.e. the non-owner movements of equity) are presented under the "Income Statement" and "Statement of Comprehensive Income", and the total carried to the "Statement of Changes in Equity", while the owner changes in equity are presented in the "Statement of Changes in Equity".

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in the income statement, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has chosen to present two statements.

The application of the new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group and the Company have not early applied any of the following new and revised standards, amendments or interpretations which have been issued but are not yet effective for the current accounting period.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related party disclosures[3]
HKAS 27 (Revised 2008)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[5]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[5]
HKFRS 3 (Revised 2008)	Business combinations[1]
HKFRS 9	Financial instruments[6]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a minimum funding requirement[3]
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments[7]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 January 2010
6 Effective for annual periods beginning on or after 1 January 2013
7 Effective for annual periods beginning on or after 1 July 2010

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, other new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. BASIS OF PREPARATION AND CONSOLIDATION

Basis of preparation

These financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities not readily apparent from other sources. 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.

These financial statements also comply with the applicable disclosure required by the Rules Governing the Listing of Securities on the GEM ("GEM Listing Rules") of the Stock Exchange.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

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

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

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

5. SEGMENT INFORMATION

The Group manages its businesses by business line. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Film distribution segment

– distribution of films through the distributors to various licensees. Currently, the Group's film distribution portfolio is located entirely in Hong Kong.

Properties investments segment

– leasing of properties to generate rental income. Currently, the Group's properties investments portfolio is located in Canada and Hong Kong.

MIDS segment

– provision of RFID system and HIS system, currently the Group's MIDS portfolio is entirely located in the PRC.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all current and non-current assets with the exception of deposit for investments and other corporate assets. Segment liabilities include all current and non-current liabilities with the exception of promissory note, convertible bonds and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation and amortisation of assets attributable to those segments.

The measure used for reporting segment result is "loss before taxation" generated by the respective operating segment. To arrive at "loss before taxation", the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as gain on early redemption of convertible loan note, loss on early redemption of convertible bond, loss on early redemption of promissory note, change in fair value of embedded derivative in convertible loan note, effective interest expenses on convertible bonds and promissory note and other corporate income and expenses.

(i) Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purpose of resource allocation and assessment of segment performance is set out below:

For the year ended 31 March 2010

	Continuing operations			Discontinued operations	
	Property investments business *HK$'000*	MIDS business *HK$'000*	Sub-total *HK$'000*	Film distribution business *HK$'000*	Total *HK$'000*
Reportable segment revenue from external customers	1,594	17,369	18,963	6,354	25,317
Reportable segment profit/(loss)	10,644	(35,577)	(24,933)	(2,692)	(27,625)
Interest expense	(96)	–	(96)	–	(96)
Depreciation of property, plant and equipment	(289)	(14)	(303)	(21)	(324)
Amortisation of intangible assets	–	(36,598)	(36,598)	–	(36,598)
Amortisation of film right	–	–	–	(5,986)	(5,986)
Fair value gain on investment properties	12,680	–	12,680	–	12,680
Reportable segment assets	60,044	1,193,996	1,254,040	–	1,254,040
Additions to property, plant and equipment	26	881	907	1,288	2,195
Reportable segment liabilities	6,144	13,143	19,287	–	19,287

For the year ended 31 March 2009

	Continuing operations			Discontinued operations	
	Property investments business *HK$'000*	MIDS business *HK$'000*	Total *HK$'000*	Film distribution business *HK$'000*	Total *HK$'000*
Reportable segment revenue from external customers	1,585	–	1,585	–	1,585
Reportable segment loss	(11,539)	–	(11,539)	(1,472)	(13,011)
Interest income	–	–	–	(265)	(265)
Interest expense	(125)	–	(125)	–	(125)
Depreciation of property, plant and equipment	(286)	–	(286)	–	(286)
Impairment loss on films in progress	–	–	–	(1,432)	(1,432)
Fair value loss on investment properties	(11,200)	–	(11,200)	–	(11,200)
Reportable segment assets	43,580	–	43,580	34,329	77,909
Additions to property, plant and equipment	–	–	–	–	–
Reportable segment liabilities	4,982	–	4,982	1,632	6,614

(ii) Reconciliations of reportable segment results, assets and liabilities

	2010 *HK$'000*	2009 *HK$'000*
Profit or loss		
Reportable segment loss	**(27,625)**	(13,011)
Gain on early redemption of convertible loan note	**33,668**	–
Loss on early redemption of convertible bond	**–**	(430)
Change in fair value of embedded derivative in convertible loan note	**(35,275)**	–
Loss on early redemption of promissory note	**(6,324)**	–
Effective interest expenses on convertible bonds	**(11,467)**	(8)
Effective interest expenses on promissory note	**(17,860)**	–
Other corporate income and expenses	**(8,662)**	(8,158)
Consolidated loss before taxation	**(73,545)**	(21,607)

	2010	2009
	HK$'000	*HK$'000*
Assets		
Total segment assets	**1,254,040**	77,909
Deposit for investments	**145,000**	–
Unallocated corporate assets	**318,039**	121,030
Consolidated assets	**1,717,079**	198,939

	2010	2009
	HK$'000	*HK$'000*
Liabilities		
Total segment liabilities	**19,287**	6,614
Convertible bonds	**167,638**	–
Promissory note	**320,440**	–
Unallocated corporate liabilities	**1,895**	1,649
Consolidated liabilities	**509,260**	8,263

(b) Information about geographical areas

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, investment properties, goodwill, deferred tax asset and intangible assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of investment properties and property, plant and equipment, and the location of the operation to which they are allocated, in the case of goodwill, deferred tax asset and intangible assets.

	Revenues from external customers		**Specified non-current assets**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**6,354**	–	**35,186**	24,147
PRC	**17,369**	–	**1,159,756**	–
Canada	**1,594**	1,585	**24,303**	18,757
	25,317	1,585	**1,219,245**	42,904

(c) Information about major customers

For the year ended 31 March 2010, revenue from two clients of the Group amounting to HK$17,369,000 and HK$6,354,000 reported in MIDS segment and film distribution segment respectively had individually accounted for over 10% of the Group's total revenue. For the year ended 31 March 2009, revenue from two clients of the Group amounting to HK$494,000 and HK$310,000 reported in property investments segment had individually accounted for over 10% of the Group's total revenue.

6. TURNOVER

Turnover represents the net amounts received and receivables for goods sold and rendering of services by the Group. An analysis of the Group's revenue, for the year for both continuing and discontinued operations, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Gross rentals from investment properties	**1,594**	1,585
Provision of RFID system	**3,003**	–
Provision of HIS system	**14,366**	–
	18,963	1,585
Discontinued operations		
Film distribution	**6,354**	–
Total	**25,317**	1,585

7. OTHER REVENUE

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Effective interest income on convertible loan note	**1,607**	–
Bank interest income	**15**	1,233
Interest income on financial assets not at fair value through profit or loss	**1,622**	1,233
Others	**10**	–
	1,632	1,233
Discontinued operations		
Bank interest income	**–**	265
Interest income on financial assets not at fair value through profit or loss	**–**	265
Total	**1,632**	1,498

8. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Interests on bank loans wholly repayable within five years	**96**	125
Effective interest expenses on convertible bonds wholly repayable over five years	**11,467**	8
Effective interest expenses on promissory note wholly repayable over five years	**17,860**	–
Total interest expense on financial liabilities not at fair value through profit or loss	**29,423**	133

9. LOSS FROM OPERATIONS

Loss from operations is arrived at after charging/(crediting):

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Auditor's remuneration	**540**	260
Amortisation of intangible assets	**36,598**	–
Cost of sales	**13,439**	–
Depreciation of property, plant and equipment	**303**	286
Net foreign exchange loss	**402**	976
Rental income less direct outgoings of HK$1,050,000 (2009: HK$675,000)	**(544)**	(910)
Operating lease payment in respect of rental premises	**102**	–
Staff costs (include directors' remuneration)		
Salaries and allowances	**4,212**	1,789
Share-based payment expenses	**2,703**	5,017
Contribution to retirement benefits scheme	**97**	13
Total staff costs	**7,012**	6,819
Discontinued operations		
Amortisation of film right	**5,986**	–
Impairment loss on films in progress	**–**	1,432
Distribution cost	**2,801**	–
Depreciation of property, plant and equipment	**21**	–
Staff costs (include director's remuneration)		
Salaries and allowances	**177**	216
Contribution to retirement benefits scheme	**7**	–
Total staff costs	**184**	216

10. INCOME TAX

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Current tax charge for the year		
Hong Kong, profits tax	**49**	–
PRC, corporate income tax	**981**	–
	1,030	–
Continuing operations		
Deferred taxation		
Origination of temporary differences	**(307)**	(1,823)
Attributable to a change in other jurisdiction tax rate	**(66)**	809
	(373)	(1,014)
	657	(1,014)

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the year (2009: No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group has no assessable profits in Hong Kong for the year). Ti-Hua Digital Technology (Tianjin) Company Limited is subject to PRC Enterprise Income Tax at 25%. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Income tax for the year can be reconciled to the loss before taxation per the consolidated income statement as follows:

	2010	2009
	HK$'000	*HK$'000*
Loss before taxation		
– Continuing operations	**(70,853)**	(20,135)
– Discontinued operations	**(2,692)**	(1,472)
	(73,545)	(21,607)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**(11,705)**	(3,390)
Tax effect of unrecognised tax losses	**1,551**	1,380
Tax effect of non-taxable incomes	**(7,733)**	(246)
Tax effect of non-deductible expenses	**12,361**	685
Tax effect of unrecognised temporary difference	**6,249**	(252)
(Decrease)/increase in opening deferred tax liabilities resulting from a change in tax rate	**(66)**	809
Actual tax expenses/(credit)	**657**	(1,014)

11. DISCONTINUED OPERATIONS

On 8 October 2009, the Group disposed of its entire interests in Creative Formula Limited ("CFL") for a total consideration of approximately HK$8.2 million. CFL carried out all the Group's business in film production and film distribution. The transaction was completed on 8 October 2009. The comparative figures for the year ended 31 March 2009 have been restated to present the business as discontinued operations in accordance with HKFRS 5.

The results of the businesses of film production and film distribution for the period from 1 April 2008 to the date of disposal, which have been included in the consolidated income statement, were as follows:

	2010	2009
	HK$'000	*HK$'000*
Turnover	**6,354**	–
Cost of sales	**(8,787)**	–
Gross loss	**(2,433)**	–
Other revenue	**–**	265
Other operating expense	**(259)**	(1,737)
Loss before taxation	**(2,692)**	(1,472)
Income tax	**–**	–
Loss for the period/year	**(2,692)**	(1,472)

12. DIVIDENDS

The directors do not recommend the payment of final dividend for the year (2009: Nil).

13. LOSS PER SHARE

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

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Loss from continuing operations attributable to the owners of the Company	**(71,510)**	(19,121)
Loss from discontinued operations attributable to the owners of the Company	**(2,692)**	(1,472)
	(74,202)	(20,593)

	Number of ordinary shares	
	2010	2009
	'000	*'000*
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at 1 April	**1,256,897**	1,256,897
Effect of share options exercised	**30,608**	–
Effect of conversion into shares from convertible bonds	**632,877**	–
Effect of placing of new shares	**1,712,329**	–
Effect of consolidation of shares	**(1,152,964)**	(1,482,982)
Effect of open offer of shares	**–**	265,171
Weighted average number of ordinary shares for basic loss per share at 31 March	**2,479,747**	39,086
Basic loss per share:		
– from continuing operations	**(HK$0.03)**	(HK$0.49)
– from discontinued operations	**–**	(HK$0.04)
	(HK$0.03)	(HK$0.53)
Diluted loss per share:		
– from continuing operations	**(HK$0.03)**	(HK$0.49)
– from discontinued operations	**–**	(HK$0.04)
	(HK$0.03)	(HK$0.53)

The weighted average number of ordinary shares of basic and diluted loss per share for the year ended of 31 March 2009 has been accounted for the share consolidation during the year.

Diluted loss per share equals to basic loss per share for the year ended 31 March 2009 and 2010 as (i) the exercise price of the Company's outstanding share options was higher than the average market price of shares for the year ended 31 March 2009 and 2010 and therefore it is anticipated that no share option to subscribe for the Company's shares will be exercised; and (ii) the convertible bonds outstanding had no dilutive effect on the basic loss per share for the year ended 31 March 2010.

14. INVESTMENT PROPERTIES

	2010	2009
	HK$'000	*HK$'000*
Fair Value		
At 1 April	**40,408**	55,506
Net increase/(decrease) in fair value recognised in the consolidated income statement	**12,680**	(11,200)
Exchange adjustments	**4,166**	(3,898)
At 31 March	**57,254**	40,408

(a) The analysis of carrying amount of investment properties is as follows:

	2010	2009
	HK$'000	*HK$'000*
In Hong Kong		
Long-term lease	**34,400**	23,100
Outside Hong Kong		
Freehold	**22,854**	17,308
	57,254	40,408

(b) All investment properties of the Group carried at fair value were revalued as at 31 March 2010 on an open market value basis calculated by reference to recent market transactions in comparable properties. The valuations were carried out by an independent firm of surveyors, Grant Sherman Appraisal Limited, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

(c) At 31 March 2010, investment property of the Group with a fair value of approximately HK$22,854,000 (2009: HK$17,308,000) was pledged to secure banking facilities granted to the Group.

15. DEPOSIT FOR INVESTMENTS

On 21 January 2010, Innovate International Group Limited ("IIGL"), a wholly owned subsidiary of the Company, entered into an agreement with Ng Leung Wai (the "Vendor"), an independent third party, pursuant to which the Group shall purchase and the Vendor shall sell 20% of the registered capital of Redart Digital Technology Co., Ltd. ("Redart") at a total consideration of HK$145,000,000.

On 31 March 2010, HK$145,000,000 have been paid to the Vendor as deposit and payment of the consideration. Up to the date of this report, the Vendor and IIGL are still pending for the approval of change in equity interest in Redart from the PRC authorities.

16. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade debtors	**18,137**	170
Other debtors	**1,740**	–
Loan to key officer	**3,020**	–
Loans and receivables	**22,897**	170
Deposits and prepayment	**1,171**	238
	24,068	408

(a) Ageing analysis

The following is an ageing analysis of trade debtors at the reporting date:

	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**18,137**	121
31 – 90 days	**–**	49
	18,137	170

Trade receivables arising from properties investment segment and film distribution segment are due within 90 days from the date of billing. For the MIDS segment, the Group allows the customer to settle the trade receivables by instalments with credit terms ranging from 5 to 360 days. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted.

Management closely monitors the credit quality of trade debtors and considers the trade debtors that are neither past due nor impaired are of good credit quality.

There were no trade debtors that are past due or impaired for the two years ended 31 March 2010 and 2009.

(b) Loan to key officer

Particulars of loan to officer, being key personnel of the Group, disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

Name of officer	Balance at 31/3/2010	Balance at 31/3/2009 and 1/4/2009	Balance at 1/4/2008	Maximum balance outstanding during 2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Cheung Hon Wa, Dicto	3,020	–	–	3,020	–

The loan to officer are unsecured, non-interest bearing and repayable on demand.

There was no amount due but unpaid, nor any provision made against the principal amount of or interest on the loan at 31 March 2010 and 2009.

17. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables	**11,418**	–
Other creditors and accruals	**1,984**	2,914
Amounts due to directors	**180**	527
Financial liabilities measured at amortised cost	**13,582**	3,441
Tenant deposits	**46**	37
Other non-income tax payable	**999**	239
	14,627	3,717

(a) Aging analysis

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

	2010	2009
	HK$'000	*HK$'000*
Within 30 days	**11,418**	–

(b) Amounts due to directors are interest free, unsecured and repayable on demand.

18. COMPARATIVE FIGURES

Certain comparative figures have been realigned to conform to the current year's presentation.

(a) As a result of the application of HKAS 1 (revised 2007), *Presentation of financial statements*, and HKFRS 8, *Operating segments*, certain comparative figures have been adjusted to conform to current year's presentation and to provide presentation amounts in respect of items disclosed for the first time in 2010. Further details of these developments are disclosed in note 2.

(b) As explained in Note 11, the Group disposal of its business in film production and film distribution during the year. Certain comparative figures have been restated and reclassified to comply with the relevant requirements. The restatement and reclassification had no impact on the Group's result for the year ended 31 March 2009.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2010 (2009: HK$ Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year under review, the Group is principally engaged in development and provision of medical information digitalization system, film production and film distribution and investment in properties. Following the disposal of a subsidiary, Creative Formula Limited of which its principal activities is film production and distribution and the decision made by the Board on 29 January 2010, the operation relating to film production and distribution is classified as discontinued operation for financial statements purpose.

In the first half of 2009, the PRC government announced China's healthcare reform program where an additional budget of RMB850 million is expected in the next three years. One area under the reform program is medical information digitalization for healthcare providers. Armed with the technical expertise and hospitals clientele through the acquisition of Sunny Chance Limited and its subsidiary, the Company is transforming to healthcare information technology provider for the PRC. The flagship product Medical Information Digitalization System, which unifies wireless Wi-Fi and RFID technology to eliminate paper-based workflow in hospitals, is a complete digitalization solution for hospitals and enables healthcare professionals to reduce manual errors as well as improving accuracy, altogether fulfilling the demand for more capacity and need to increase efficiency.

In a continual effort to obtain better return to shareholders, after observing for a long period where the Company did not come across or secure plausible investment opportunities in the file related business and also in consideration of the unstable revenue pattern, the Company had relocated resources to focus on the high growth medical information digitalization operation, in which the PRC is embracing accelerated growth in the healthcare information technology market.

On 26 November 2008, the Company entered into a subscription agreement with Golife Concepts Holdings Limited (now known as China Star Film Group Limited, the "Subscriber"), whose shares are listed on the GEM of the Stock Exchange, in respect of the subscription of convertible loan note in an aggregate principal amount of HK$100 million in five tranches of HK$20 million each (the "Subscription"). The Subscription constituted a very substantial acquisition of the Company under the GEM Listing Rules. A circular containing the details of the Subscription had been despatched to the shareholders of the Company on 29 December 2008. The Subscription was subsequently approved by the Company's Shareholders at the extraordinary general meeting held on 14 January 2009. On 28 April 2009, the Company subscribed the convertible loan note in the principal amount of HK$100 million. On 2 October 2009, the convertible loan note were redeemed by the Subscriber.

On 15 June 2009, the Company had entered into a non legal binding Memorandum of Understanding (the "MOU") with Growth Harvest Limited (the "Vendor") in relation to the possible acquisition of the entire issued share capital of Sunny Chance Limited (the "Target Company") which is principally engaged in the development and provision of custom built wireless radio frequency identification ("RFID") application system in both local area network ("LAN") and metropolitan area network ("MAN") to the healthcare sector in the PRC. On 29 June 2009, the Company had entered into an agreement whereby the Company has conditionally agreed to purchase and the Vendor had conditionally agreed to sell the entire issued share capital of the Target Company at a maximum total consideration of HK$1,500 million (the "Acquisition"), subject to post valuation adjustment. The Acquisition constituted a very substantial acquisition of the Company under the GEM Listing Rules. A circular containing the details of the Acquisition had been despatched to the shareholders of the Company on 25 August 2009 and subsequently approved at the special general meeting held on 5 October 2009. The Board believed that the participation in the business of provision of medical information digitalization system ("MIDS") will broaden the Group's revenue base. The Acquisition was completed on 6 October 2009.

On 15 June 2009, the Company had entered into a placing agreement with a placing agent pursuant to which the Company had conditionally agreed to place, through the placing agent, up to 2,500,000,000 placing shares by tranches provided that the number of placing shares for each tranche is in integral multiples of 1,000,000, on a best effort basis, to independent investors at a price of HK$0.1 per placing share. The gross proceeds and the net proceeds from the placing would be approximately HK$250 million and approximately HK$247 million respectively which are intended to be used for financing possible diversified investment including the possible acquisition under the MOU and general working capital of the Group. Owing to the uncertain outlook of the market situation, the Company and the placing agent had mutually agreed to terminate the placing agreement on 20 July 2009.

On 8 October 2009, the Company announced that the Company had entered into a sale and purchase agreement with Dance Star Group Limited ("DS"), a wholly-owned subsidiary of China Star Film Group Limited, of which its issued shares are listed on the GEM Board of the Stock Exchange. Pursuant to the sale and purchase agreement, the Company agreed to dispose the entire issued share capital of Creative Formula Limited ("Creative Formula") to DS for the consideration of HK$8,200,418. Completion took place upon signing of the sale and purchase agreement. Creative Formula is principally engaged in the business of film production and distribution. The principal asset of Creative Formula is the film rights (excluding Hong Kong Theatrical Right, Hong Kong Video Right, Airline Right, Hong Kong Cable Television Right, All Rights for Singapore and Malaysia, and Asian Satellite Television Right) of a film titled "Written By" "再生號". The Directors considered that the disposal provided an opportunity for the Group to realize its investment in film business for an immediate cash inflow to finance the newly expanded business of the development and provision of MIDS to the healthcare sector in the PRC.

In order to facilitate the expansion and accelerate the development of the Company wireless RFID based MIDS in the PRC, a letter of intent was entered into between the Company and Guo Kang Pharmaceutical & Medical Supplies Limited ("Guo Kang") on 11 December 2009 (the "Letter of Intent"). Guo Kang is a company registered in PRC under Ministry of Foreign Trade and Economic Cooperation ("Foreign Trade and Economic [1997] No. 1401") and is the representative office of the Ministry of Health (the "MOH") of the PRC in Hong Kong. As a "Window Company" of MOH, Guo Kang is responsible for healthcare business promotion with various international healthcare centers. Guo Kang is principally engaged in trading business relating to medical instruments, Western and Chinese medications, healthcare equipments and its by-products. Guo Kang also provides investment opportunity in healthcare industry in the PRC to global investors. Pursuant to the Letter of Intent, Guo Kang agreed to promote the Company's MIDS and to liaise and coordinate with the relevant government bodies or organisations and hospitals in the PRC in relation to MIDS. Meanwhile, the Company will provide all resources, including but not limited to technical and financial support, to Guo Kang in promoting the Company's MIDS in the PRC.

On 21 January 2010, Innovate International Group Limited ("IIG"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement pursuant to which IIG had conditionally agreed to purchase 20% of the total registered capital of Redart Digital Technology Co., Limited, a company incorporated in the PRC ("RDT") at a total consideration of, subject to post valuation adjustment, HK$145,000,000 (the "Second Acquisition"). The main assets of RDT are memorandum of understanding and co-operation agreement. The co-operation agreement sets out the framework for the digitalization programme of the medical and healthcare system in Chengde in the PRC. The memorandum of understanding, tentative term of five years, covers the construction, maintenance and operation of digitalization programme and the marketing of the healthcare digitalized products. The Board considers the opportunity for the Group to accelerate the pilot of MIDS Phase 2 – healthcare collaboration platform and to leverage the relationship and connection of the RDT to provide MIDS to over 200 hospitals/clinics in the target cities, will speed up the pace of becoming the market leader in medical information digitalization, present large business prospect and profitability thereof, is in the interests of the Company and the Shareholders as whole.

Financial Review

For the year under review, for continuing operations, revenue of the Group was approximately HK$19.0 million (2009: HK$1.6 million), of which HK$17.4 million (2009: HK$ Nil) was generated from rollout of MIDS and HK$1.6 million (2009: HK$1.6 million) was generated from the leasing of an investment property located at Canada, representing an increase of approximately 10.96 times as compared with the year ended 31 March 2009.

Following the completion of the acquisition of Sunny Chance Limited on 6 October 2009, turnover of approximately HK$17.4 million was contributed from the segment of RFID and MIDS. The gross profit of such segment was approximately HK$3.9 million.

Other revenue amounted to approximately HK$1.6 million, representing an increase of 32.4% over the prior year. Such increase was mainly contributed by the imputed interest income of approximately HK$1.6 million derived during the year.

Other operating expenses increased by 376.6% to approximately HK$53.3 million from HK$11.2 million in prior year. Such increase was mainly attributed to (i) amortization of intangible assets of approximately HK$36.6 million (2009: HK$ Nil), (ii) overseas travelling expenses of approximately HK$1.1 million (2009: HK$ Nil), (iii) legal and professional fees of approximately HK$3.0 million (2009: HK$1.8 million) and (iv) repair and maintenance of approximately HK$0.6 million (2009: HK$0.1 million).

Given the recent improvement of the global economy and the value of the property has appreciated, a one time fair value gain on the investment properties of approximately HK$12.7 million was recorded. In addition, a gain on early redemption of a convertible loan note of approximately HK$33.7 million was recorded during the year under review.

Finance costs increased by 220.2 times to approximately HK$29.4 million from HK$0.1 million in prior year. The increase of approximately HK$29.3 million was mainly attributed to the increase in effective interest expenses on convertible bond and promissory note. The effective interest expenses on convertible bond and promissory note were approximately HK$11.5 million (2009: HK$8,000) and HK$17.9 million (2009: HK$ Nil) respectively.

Following the disposal of Creative Formula Limited of which its principal activities is film production and distribution and the decision made by the Board on 29 January 2010, the operation relating to film production and distribution is classified as discontinued operation for financial statements purpose. The revenue and the loss of the discontinued operation is approximately HK$6.4 million (2009: HK$ Nil) and HK$2.7 million (2009: HK$1.5 million) respectively.

Loss attributable to owners of the Company was approximately HK$74.2 million (2009: loss attributable to owners of the Company of approximately HK$20.6 million). The deterioration in results was mainly attributed to (i) the amortization of intangible assets acquired during the year of approximately HK$36.6 million (2009: HK$ Nil); (ii) finance costs incurred in the current year of approximately $29.4 million (2009: HK$0.1 million), (iii) the change in fair value of embedded derivative in a convertible loan note of approximately HK$35.3 million (2009: HK$ Nil) and (iv) the loss on early redemption of a promissory note of approximately HK$6.3 million (2009: HK$ Nil).

Future Plans

With signs of recovery around the globe in particular the Asia Pacific region, the Group initiated a financing activity in the last year to develop its business diversification strategy into information technology provider for healthcare sector in PRC. The MIDS was demonstrated in the Greater Bohai Hospital Association 2009 Annual Conference where hundreds of hospitals attended and we have since received favorable response and the hospitals are either evaluating or have constructive advice on further development.

On 1 April 2010, the Company entered into a sale and purchase agreement (the “Agreement”) with an independent third party (the “Vendor”) pursuant to which the Company shall purchase the entire issued share capital of Fortune Mark International Limited (“FMI”) and sale loans at a total consideration of HK$135,000,000. FMI had entered into a software licensing agreement (the “Licensing Agreement”) with Healthnet Limited (“Healthnet”) pursuant to which Healthnet has granted to FMI an exclusive license to use and sublicense a software product (the “Software”). The Software is a scalable, reliable and integrated Picture Archiving and Communication System (PACS) and it is also HL-7 and DICOM compatible which consolidates a hospital’s entire collection of medical imaging including X-ray, CT, MRI and ultrasound and merges with sophisticated workflow for radiology. The acquisition will enable the Group to expand into the area of PACS, as well as strengthening the coverage of MIDS, thus fulfilling the various emerging needs of hospitals in the PRC and all together an important part of MIDS implementation. The transaction was completed on 18 May 2010.

On 9 April 2010, Grand Billion Investments Limited (“Grand Billion”), a wholly-owned subsidiary of the Company, entered into a provisional sale and purchase agreement with an independent third party (the "Purchaser") pursuant to which Grand Billion has agreed to dispose of an investment property owned by Grand Billion at a consideration of HK$36,000,000. The property was acquired by the Group in 2007 at a cost of HK$23,500,000 and has been held by the Group for capital appreciation. The property has been used by the Group for its own use as office after acquisition. The Board intends to look for an appropriate premises for office use by the Group on or before the completion of the disposal. The book value of the property as at 31 March 2009 amounted to approximately HK$23.1 million. Given the recent property market conditions and the value of the property has appreciated, the disposal is in the interest of the Company and its shareholders because the Company will realise capital gain from the disposal and the net proceeds from the disposal will enhance the working capital of the Group.

On 30 April 2010, the Company proposed to raise not less than approximately HK$183.12 million, before expenses, by way of open offer of not less than 1,831,167,113 offer shares and not more than 1,831,710,077 offer shares at the subscription price of HK$0.10 per offer share on the basis of one offer share for every four existing shares held on the record date and payable in full on application. Qualifying shareholders are entitled to apply for excess offer shares not taken up in excess of their respective entitlements under the open offer. The open offer is fully underwritten in the manner that the Company entered into an underwriting agreement with an underwriter on 29 April 2010, whereby the underwriter has conditionally agreed to underwrite the offer shares which have not been taken up. The open offer was completed on 18 June 2010. The Board intends to apply the net proceeds from the open offer for the repayment of the outstanding promissory note of the Group.

Looking forward, the Group will continue to focus on its business of provision of medical information technology digitalization solutions to the PRC healthcare sector. The Board will continue to put its best efforts to produce good economic results and better return to the shareholders.

Liquidity and Financial Resources

At 31 March 2010, the Group had assets of approximately HK$1,717.1 million (2009: HK$198.9 million), including net cash and bank balances of approximately HK$328.8 million (2009: HK$142.4 million). The increase in net cash and bank balances was mainly contributed by net cash inflow from investing and financing activities during the year.

During the year under review, the Group financed its operations with internally generated cash flows, the proceeds from the issuance of new shares and the proceeds from the disposal of a subsidiary.

On 20 October 2009, the Company entered into a placing agreement (the "Placing Agreement") with CLSA Limited (the "Placing Agent"), pursuant to which, the Company has conditionally agreed to place, through the Placing Agent, up to 5,000,000,000 placing shares in one or more tranches, on a best efforts basis, to placees at a placing price of HK$0.10 per placing share (the "Placing"). If all the placing shares are fully placed, the gross proceeds and the net proceeds from the Placing would be approximately HK$500.0 million and approximately HK$484.2 million, A circular containing the details of the Placing was despatched to the shareholders on 9 November 2009. As stated in the circular, the Company intends to apply the proceeds from the placement toward the rollout of MIDS at hospitals contracted and to be contracted. In the event that it comes across attractive business expansion opportunities that would accelerate the Company's pace in expanding market place and/or strengthen the Company's positioning in the health sector, it may consider applying part of the proceeds toward such uses. The Company would reserve at least 70% of the proceeds for first year MIDS rollouts. The Company does not intend to apportion any specific portion of the proceeds for general working capital uses. However, the remaining balance after spends on MIDS rollout and business expansion, if any, would be kept for general working capital purposes. The Board believes that the Placing presents an opportunity for the Company to broaden its Shareholders' base and strengthen the Company's financial position. The Placing was approved by the shareholders at the special general meeting held on 25 November 2009 and completed on 10 December 2009.

During the year ended 31 March 2010, certain option holders exercised their option rights to subscribe for an aggregate of 1,256,897 shares at an exercise of HK$0.2 per share, an aggregate of 6,021,849 shares at an exercise price of HK$0.25 per share and an aggregate of 11,700,000 shares at an exercise price of HK$0.5 per share. The net proceeds from the exercise of option rights amounted to approximately HK$7.6 million.

At 31 March 2010, the total borrowings of the Group amounted to HK$489.9 million (2009: HK$1.8 million), comprising:

(a) the liability component of approximately HK$320.4 million in respect of the promissory note with a principal amount of HK$602 million issued to Growth Harvest Limited as part of the consideration of the acquisition of Sunny Chance Limited which is unsecured, interest free and maturing in 6 October 2010;

(b) the liability component of approximately HK$167.6 million in respect of the convertible bonds with an aggregate principal amount of HK$532 million issued to Growth Harvest Limited as part of the consideration of the acquisition of Sunny Chance Limited which is unsecured, interest and maturing in 6 October 2019;

(c) mortgage loan of approximately HK$1.8 million secured by an investment property located at Canada of the Group.

The gearing ratio, expressed as a percentage of total liabilities over total assets, was 29.6% (2009: 4.2%).

Treasury Policies

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

Commitments

At 31 March 2010, the Group, as a lessor, had operating lease commitments of approximately HK$5.9 million (2009: HK$2.4 million) and as a lessee, had operating lease commitment of approximately HK$0.2 million (2009: HK$ Nil).

Contingent Liabilities

At 31 March 2010, the Group had no contingent liabilities (2009: HK$ Nil).

Employees

At 31 Mach 2010, the Group had 25 employees (2009: 6). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme. Other benefits include share options granted or to be granted under the share option scheme.

Significant Investment

The Group did not enter into any new significant investment during the year ended 31 March 2010.

Material Acquisition and Disposal of Subsidiaries and Affiliated Companies

Save as the acquisition and disposal as disclosed in the "Business Review" under the "Management Discussion and Analysis" section, the Group did not make any material acquisitions and disposal of subsidiaries and affiliated companies during the year ended 31 March 2010.

Future Plan for Material Investments and Capital Assets

Save as the proposed acquisition and disposal as disclosed in the "Future Plans" under the "Management Discussion and Analysis" section, the Group does not have any concrete plan for material investments or capital assets for the coming year.

Share Consolidation, Capital Reorganisation and Change in Domicile

Pursuant to the resolutions passed on 30 March 2009, the domicile of the Company was changed from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. Capital reorganisation was effected by way of (i) the transfer of the entire amounts standing to the credit of each of the share premium account and the distributable capital reduction reserve to the contributed surplus accounts of the Company; (ii) after the change of domicile of the Company from the Cayman Islands to Bermuda, share consolidation whereby every ten issued shares of HK$0.01 each in the share capital of the Company be consolidated into on issued consolidated share of HK$0.1 each ("Consolidated Shares"); (iii) capital reduction of issued share capital by reducing the par value of each of the issued Consolidated Shares from HK$0.1 each to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.09 on each issued Consolidated Shares. The change of domicile and capital reorganisation were completed on 20 April 2009 and 11 May 2009 respectively.

Change of Company Name

On 26 August 2009, the Company proposed that the name of the Company be changed from "Brilliant Arts Multi-Media Holding Limited (采藝多媒體控股有限公司)" to "Xing Lin Medical Information Technology Company Limited (杏林醫療信息科技有限公司*)". The proposed change in name of the Company had been resolved as a special resolution by the shareholders of the Company at the special general meeting held on 5 October 2009. The Registrar of Companies in Bermuda and Hong Kong had granted approval for the proposed change in name of the Company on 16 October 2009 and 9 November 2009 respectively. The changes of name and stock short name of the Company were effective on 25 November 2009.

* *For identification purpose only*

Purchase, sale or redemption of shares

During the year ended 31 March 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Audit committee

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprises the three independent non-executive directors namely, Mr. Leung Wai Man, Mr. Man Kong Yui and Mr. Kwok Chuen Hung, Dominic. During the year, the audit committee held four meetings to review the Group's annual report, half-year report and quarterly reports.

The Group's annual results for the year ended 31 March 2010 have been reviewed by the audit committee.

Corporate Governance Practices

Save as disclosed below, the Company complied with Code of Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules for the year ended 31 March 2010.

a. Under the Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company have been performed by Mr. Au Ho Cheun, Bonny, who is also an executive Director. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board will review the effectiveness of this arrangement form time to time and will consider appointing an individual as the chief executive officer of the Company when it thinks appropriate.

b. Under the Code provision A4.1, all the non-executive directors should be appointed for a specific term, subject to re-election. The term of office for non-executive directors is subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Company's bye-laws. At each annual general meeting, one-third of the directors for the time being, (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Company considers that such provisions are sufficient to meet the underlying objective of this code provision.

Compliance with Rules 5.48 to 5.67 of the GEM Listing Rules

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less that exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors have complied with such code of conduct and the required standard of dealings regarding directors' securities throughout the year ended 31 March 2010.

By Order of the Board
Au Ho Chuen, Bonny
Chairman

Hong Kong, 29 June 2010

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Au Ho Chuen, Bonny and Mr. Lien Wai Hung and three independent non-executive directors, namely Mr. Leung Wai Man, Mr. Man Kong Yui and Mr. Kwok Chuen Hung, Dominic.

This announcement will be published on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of publication and on the Company's website at www.bamm.com.hk.