ABC Communications (Holdings) Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 30)

Annual Report
2011/2012

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Mr. Chen Jiasong *(Chairman)*
Mr. Cheung Wai Shing
Mr. Choy Kai Chung, Andy
Mr. Lau Kevin
Mr. Song Gaofeng
Ms. Ma Sai
Ms. Lam Pui Sea (resigned on 10 October 2011)

Non-Executive Director:

Mr. Qiu Hai Jian

Independent Non-Executive Directors:

Mr. Chen Haoyun, Jordy
(appointed on 28 December 2012)
Mr. Lee Kwong Yiu
Mr. Lee Ho Yiu, Thomas
Mr. Zhang Guang Hui

Chief Executive Officer:

Mr. Zhao Bao Long

COMMITTEES

Audit Committee

Mr. Lee Ho Yiu, Thomas *(Chairman)*
Mr. Lee Kwong Yiu
Mr. Zhang Guang Hui

Remuneration Committee

Mr. Lee Kwong Yiu *(Chairman)*
Mr. Lee Ho Yiu, Thomas
Mr. Zhang Guang Hui
Mr. Chen Jiasong
Mr. Cheung Wai Shing

Nomination Committee

Mr. Chen Jiasong *(Chairman)*
Mr. Lee Kwong Yiu
Mr. Lee Ho Yiu, Thomas
Mr. Zhang Guang Hui
Mr. Cheung Wai Shing

COMPANY SECRETARY

Mr. Cheung Wai Shing

AUTHORIZED REPRESENTATIVES

Mr. Chen Jiasong
Mr. Cheung Wai Shing

REGISTERED OFFICE

Clarendon House
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PRINCIPAL PLACE OF BUSINESS

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Hong Kong

AUDITORS

SHINEWING (HK) CPA Limited

REGISTRARS

Computershare Hong Kong Investor Services Limited
18th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

SOLICITORS

Cheung & Choy Solicitors & Notaries

HOMEPAGE

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Chairman's Statement

On behalf of the board of directors (the "Board") of ABC Communications (Holdings) Limited (the "Company"), together with its subsidiaries, (the "Group"), I would like to present to you the audited consolidated annual results of the Group for the year ended 31 March 2012. During the 2011/2012 financial year, with the effort of all the staff, the Group has recorded a remarkable resilience in profitability despite the volatile market condition. I hereby would like to extend my most sincere gratitude to Members of the Board for their efforts and trust to the Company, and to all shareholders, the management, the entire staff, the investors as well as business partners of the Group for their continuous support.

The 2011/2012 financial year has been a year of remarkable change and challenge globally, and for the Group especially. While the global economic recovery remained fragile and the financial market was substantially volatile in the year, the Board is pleased that the Group has nevertheless maintained a strong focus on materialized its diversification strategy and in the process, achieved a satisfactory results.

The Turnover for the year has increased by approximately 11.23% to HK$115 million as comparing with the turnover of HK$103 million in the preceding financial year. The overall gross profit margin has also been improved from 16.4% to 24.7% with total gross profit amounted to HK$28.3 million for the year. With the increased revenue and gross profit margin, the profit for the year came around strongly to approximately HK$14.2 million from the loss of HK$22.4 million in the previous year, representing a remarkable HK$36.6 million rebound. Total comprehensive income for the year attributable to owners of the Company reached HK$16.1 million, and earning per share return to 1.55 cents from the loss per share in year 2010/2011 of 4.56 cents.

The remarkable improvement in the annual results was driven by the Group's newly acquired mining operations. On 9 May 2011, the Company has completed the acquisition of 60% interest in Jun Qiao Limited, which through its subsidiaries, held a mining license in Henan province and 2 exploration licenses in Henan province and Xinjiang province. Since then mining operation has become one of the core business segment of the Group.

During the year, the management focused more on advancing and improving the mining technologies, and upgrading its production facilities for the mining operation segment. Nevertheless, the segment generated turnover of HK$32.6 million for the year since acquisition by selling high grade mineral ore. In addition, the Group also carried out extensive exploration in the mining area in Henan, as well as in the area allowed in those exploration licenses in Henan and Xinjiang, and has achieved considerable outcome. The Board was convinced that the exploration activities will further increase the Group's mineral reserves and resources and extend the life of the mine, thus creating more value for shareholders and investors.

During the financial year, the Group made a strong step forward against the objectives articulated which aimed at setting the Group on a course to progressively improved performance in the forthcoming years.

Looking ahead in next year, in the context of uncertainties surrounding the recovery of global economy and volatility in financial market, the Group's strategy continues to be actively looking for appropriate investment opportunities in order to diversify the Group's business operation to avoid over reliance on any business sector. The Group is well positioned to progress its strategy, and in doing so, delivering on targets and objectives that it has set for itself, thus bringing stable rewards to our shareholder and investors.

Chen Jiasong
Chairman

Hong Kong, 9 January 2013

Management Discussion and Analysis

OPERATING RESULTS

In 2011/2012 financial year, the turnover of the Group amounted to HK$115 million, representing an increase of 11.23% as compared to HK$103 million in previous year. The comprehensive income of the Group amounted to HK$26.7 million, representing a rebound of HK$49 million as compared to the comprehensive expenses of HK$22.3 million in year 2010/2011. The comprehensive income attributable to owners of the Company amounted to HK$18.8 million, representing an improvement of HK$41.9 million from that of previous year.

In year 2011/2012, the growth in the Group's revenue was primarily due to the introduction of mining operation segment during the year, after the Company has completed the acquisition of 60% interest in Jun Qiao Limited ("Jun Qiao"). The mining operation segment has contributed turnover and profit of HK$32.6 million and HK$36.7 million respectively. During the year, the Group has suffered from a decrease in fair value of held for trading investments amounted to HK$3.7 million. Pursuant to relevant accounting standards, the Group has recognized a gain on bargain purchase amounted to HK$28.3 million, which was related to the acquisition of Jun Qiao.

FINAL DIVIDEND

The Board did not propose a final dividend.

BUSINESS REVIEW

The Mining Operation

From the date of completion of acquisition on 9 May 2012 to 31 March 2012, the mining operation contributed a turnover of approximately HK$32.6 million to the Group. Profit before tax attributable to the segment amounted to HK$8.4 million. PRC Enterprise Income Tax of HK$2.14 million has been provided at 25%, being the applicable tax rate for the operating entities in PRC on the taxable profit. The resulting profit after tax amounted to approximately HK$6.3 million. There was a one-off item recognized in the segment, that was the gain on bargain purchase, which was the difference between the consideration paid by the Company on acquisition and the fair value of net assets acquired and attributable to the Group. The gain on bargain purchase amounted to HK$28.3 million, and was recognized in the consolidated statement of comprehensive income for the current year. Segment profit of HK$36.69 million as disclosed in the segment information represented the aggregate of the profit before tax and the gain on bargain purchase for the mining operation.

Jun Qiao, through its subsidiaries, Tong Bai County Yin Di Mining Co Ltd (桐柏縣銀地礦業有限責任公司) ("Yin Di Company") and Xinjiang Xin Jiang Yuan Mining Co Ltd (新疆鑫江源礦業有限公司), held 1 mining license in Henan and 2 exploration licenses in Henan and Xinjiang respectively. The mining projects of the Group included the followings:

Yin Di Mining Area (銀地礦區) in Henan

The Yin Di Mining Area is the only producing mine of the Group. It is located at Tongbai County in Henan Province and covers a mining area of approximately 1.81 km². The mining area is 15 km away from Xining railways and connected to China National Highway 312, the traffic is considerably convenient. The mining license will be expired in December 2013.

Yin Di Mining Area is an operating polymetallic mine that contains gold, silver, lead and zinc ore deposits. At the end of March 2012, according to the Gold, Silver Lead and Zinc Polymetallic Reserves and Resources Verification Report (金銀鉛鋅多金屬資源儲量核查報告) (the "Reserve Report") prepared by the First Geological Survey Team of Henan Geology and Mineral Exploration and Development Bureau (河南省地質礦產勘查開發局第一地質調查隊), estimated mineral resources of the mining area are as follows:

	Resources Classification*	Ore Tonnage (tonnes/t)	Average Grade	Metal
Gold	111b + 332	1,744,600	5.63 g/t	9,826 kg
Silver	122b	19,479	88.50 g/t	1,723.8 kg
	332	300,000	80 g/t	24,000 kg
Lead	122b	19,479	17.5 kg/t	341.8 t
Zinc	122b	19,479	18.6 kg/t	362.7 t

The above mineral reserve data was extracted from the Reserve Report, which was prepared pursuant to the China coding system for geological reserve and resources classification. The system for the categorization of mineral resources and ore reserves in China uses three-dimensional matrices, based on economic, feasibility/mine design and geological degrees of confidence. Mineral resources and reserves are categorized by a three number code of the form "123". The definition and interpretation of each digit in the coding system are as follows:

	Denoted	Interpretation
First digit – Economic	1	Full feasibility study considering economic factors has been conducted
	2	Pre feasibility to scoping study which generally considers economic factors has been conducted
	3	No pre feasibility or scoping study conducted to consider economic analysis
Second digit – Feasibility	1	Further analysis of data collected in "2" by an external technical department
	2	More detailed feasibility work including more trenches, tunnels drilling, detailed mapping etc
	3	Preliminary evaluation of feasibility with some mapping and trenches
Third digit – Geologically controlled	1	Strong geological control
	2	Moderate geological control via closely-spaced data points
	3	Minor work which is projected throughout the area
	4	Review stage

The denotation "b" following the three-digits code represents basis reserves (基礎儲量), that is the quantity of mineral reserves identified in geological exploration without taking into account the possible wastage and depletion arising from the exploitation method employed.

As a broad comparison between the China resources coding system and the JORC Code (the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves), resources classification of 111b in China system is similar as the measured reserves in the JORC code; while 122b and 332 are similar as the indicated reserves in the JORC code.

The Reserve Report was based on factual geological survey, drilling, sampling and etc. There was no specific assumption made in the preparation of the Reserve Report.

After the Company has completed acquisition, the Yin Di Mining Area has undergone a large scale improvement, advancement and reinforcement in mining technologies for more efficient production and safety. These improvement works were expected to be completed in the second quarter of 2013. In most of the time, mining and production were conducted intermittently. During the year, approximately 9,000 tonnes of high grade silver ores was sold for HK$32.6 million.

During the year, the Group's turnover in the mining operation was generated from a single customer, which was an independent local mineral ores processing plant in Henan introduced by the local team appointed by the Group. This was because the Group has undertook a large scale technological improvement and modification works towards the ore processing plants of Yin Di Company, thus ore processing was temporarily suspended. Instead of selling ore concentrates, Yin Di Company had shifted to sell mineral ores to other ore processing plant.

During the process of site improvement, development and substantive exploration in the mining property, there are several small new mineral veins had been found. Some of the orebodies are high in grade, and easy to extract out. These new mineral veins have not been accounted for in the previous Reserve Report. With a mining area of 1.8 km^2, there could be a very high potential of finding new gold and silver veins/orebodies and to increase our mineral reserve in the future. The Company is currently extracting silver, lead and zinc minerals and in terms of value, the silver is the most saleable product from our mining property. During the year, the Group sold 9,000 tonnes of silver ores, which was primarily extracted out from these newly found mineral veins.

For ease of management, the Group has employed a local construction team for the mining site preparation and development works. Improvement works had been started in July 2011 for ore processing plant and mining site. Improvement works on ore processing plant had been finished in April 2012, while the processing plant was being test running and fine tuning at the moment. Improvement works on mining site was still in progress. Nevertheless, saleable mineral ores could still be extracted during the course of improvement works. Ore processing had been suspended during the improvement works. Yet the effect on turnover and profit for the current reporting period was not material as the Group could still sell mineral ores to customers, and the mining site was also under improvement works for the production of gold ores. The improvement works on the processing plant ensures the plant can process 150 tonnes of mineral ores daily, which is the target of the Group's phase 1 development plan regarding the Yin Di Mining Area. There was no specific license required for the improvement works and the Group had already invested RMB8.5 million for this. When all these improvement works are completed, the Group will use its ore processing plant to process mineral ores extracted from the mining properties. If these improvement works have not been finished, the Group might not be able to realize the 3-Phases development plan as mentioned in the outlook section below. As such, the growth potential in turnover and profit for the mining operation would be largely restricted.

Li Zi Yuan Mining Area (栗子園礦區) in Henan
The mine is also located at Tongbai County of Henan, and is very close to the Yin Di Mining Area. Mining area covered by the exploration license was approximately 3.55 km^2 (which was subsequently reduced to 2.36 km^2 after the year end on renewal of exploration license). Detailed geological survey and mineral resources exploration were undertaking. Although findings have not yet been concluded, various copper and gold mineralization zones have been identified. The management will formulate development plan and strategy once relevant reserve report and feasibility study are finalized and approved. The exploration license had been renewed after the financial year end. The renewed license will be expired on 6 April 2014.

The Department of Land and Resources of Henan Province has issued a policy statement No. [2009]9. According to this policy statement, whenever exploration license is renewed, the area of the exploration site will be reduced by not less than 25%. Thus when the Group renewed its exploration license after the reporting period in July 2012, the area indicated in the new exploration license had been reduced from 3.55 km^2 to 2.36 km^2.

If the Group further renews the exploration license in 2014, the area of the renewed exploration license will be further reduced by not less than 25%, unless the relevant provincial policy has been rescinded. The Group will facilitate the progress of exploration works for this mining property. When the relevant reserve reports and feasibility study are completed, the group will apply for the mining license immediately.

In accordance with HKFRS 6 "Exploration for and Evaluation of Mineral Resources", exploration and evaluation assets should be stated at cost less impairment.

In evaluating if any of the exploration rights had been impaired, the Company considered that no impairment indication exists as:

(1) The exploration rights had been renewed after the initial expiry; and

(2) The Group had made prepayments for the exploration activities and the relevant activities had commenced subsequent to 31 March 2012 and the relevant exploration activities were still ongoing. Based on the latest discussion between the Company and the exploration team, the findings so far are positive.

Based on the above, the Company considered that no impairment was required for the exploration rights, and the auditor of the Company have also agreed with the above assessment of the Company.

The decrease in mining area has not been incorporated in any profit forecast prepared by the Group. As the exploration works of the Li Zi Yuan Mining Area is still in progress, the quantity of mineral resources underneath the property and its development potential could not be fully understood at this moment. Thus the management could not formulate any meaningful development plan and profit forecasts of this property. The fair value of this exploration license was assessed with Market-Based Approach. For details, please refer to the section "Intangible Assets" below.

Hu Lei Si De Mining Area (呼勒斯德地區) in XinJiang

The mine is located at Jai Tai County (奇台縣) of Xinjiang Uygur Autonomous Region with a total exploration mining area of 29.12 km^2. The mining area is connected to gravel and asphalt roads, traffic is considered convenient. Detailed geological survey and mineral resources exploration were undertaking. At the moment, several gold mineralization zones have been identified. The management will formulated development plan and strategy once relevant reserve report and feasibility study are finalized and approved. The exploration license will be expired on 20 February 2013.

Generally speaking, the application and renewal of mining license needs about 1 year for the preparation works, including the updating of the reserve information and preparation of feasibility report. The Company does not foresee any difficulty in renewing the mining license and exploration licenses, provided that all relevant national and provincial government regulations and procedures are duly followed and complied with. The Group will apply for the renewal of the mining license of Yin Di Mining Area in the second quarter of 2013. As the exploration works in the Hu Lei Si De Mining Area is still in progress, the Group will apply for the renewal of the exploration license by the end of 2012. The exploration license for Li Zi Yuan Mining Area had already been renewed subsequent to the reporting period in July 2012.

During the year, the total expenditures of exploration, development and mining production were as follows:

	Yin Di Mining Area		Li Zu Yuan Mine		Hu Lei Si De Mine		Total	
	RMB million	HK$ million	RMB million	HK$ million	RMB million	HK$ million	RMB million	HK$ million
Advancement and improvement of processing plant	8.5	10.4	–	–	–	–	8.5	10.4
Improvement and reinforcement of mining site	33.4	40.7	–	–	–	–	33.4	40.7
Exploration	3.8	4.6	3.6	4.4	5.8	7.1	13.2	16.1
Total	45.7	55.7	3.6	4.4	5.8	7.1	55.1	67.2

Save for those 3 mining properties disclosed above, the Group do not have any other mining property or holds any other mining license.

The Financial Quotation Segment

The business segment includes (i) financial quotation services and securities trading system licensing provided by QuotePower International Limited ("QuotePower"); and (ii) wireless applications development provided by ABC QuickSilver Limited.

During the current reporting period, QuotePower was still the core revenue contributor of the Group. Its turnover amounted to approximately HK$82.4 million. As compared with the last reporting period, turnover from QuotePower has been declined by 20.3%. This reflected loss of subscribers of our financial quotation services owing to the pessimistic market and investment sentiments. The profit the segment amounted to HK$2.8 million, representing an increase of 77.9% albeit the drop in turnover. This showed the management's endeavor to improve efficiency and control the cost and expenses.

SELLING AND DISTRIBUTION COSTS

During the current financial year, the Group's selling and distribution costs amounted to approximately HK$1.1 million, a decrease of approximately 24.2% over the last financial year. Selling and distribution costs were incurred mostly in the financial quotation segment. The decrease was in line with the drop of turnover in the segment.

GENERAL AND ADMINISTRATIVE EXPENSES

During the current financial year, the Group's general and administrative expenses increased by approximately HK$4.3 million or 17%. The increase was primarily due to the increase in employee's salaries, legal and professional fees incurred and increase in office rental.

FINANCE COSTS

Finance costs decreased by 86.7% from HK$16.8 million to HK$2.2 million. The Group had no bank borrowings. The finance costs were mainly due to imputed interest on convertible bonds. Following the maturity of 1-year convertible bonds issued by the Company on 13 December 2010, the imputed interest had decreased significantly. During the year, interest on promissory note issued by the Company amounted to approximately HK$204,000.

BUSINESS COMBINATION AND GAIN ON BARGAIN PURCHASE

During the year, the Company had completed the acquisition of the 60% equity interest and shareholder's loan of Jun Qiao Limited and its subsidiaries. The impact of the acquisition on the audited financial statements has been disclosed in Note 33 to the consolidated financial statements. The Group recognized a gain on bargain purchase amounted to HK$28 million, which represented the Group's ability in negotiating the agreed terms of the transaction with the vendors. In the interim report of the Group for the six months ended 30 September 2011, the gain on bargain purchase was reported as HK$7.2 million. During the preparation of the interim results, the Company had adopted the valuation report dated 5 May 2011 for the value of the intangible assets, the valuation reports dated 21 November 2011 for the consideration paid and unaudited consolidated management accounts of Jun Qiao Limited in computing the gain on bargain purchases. During the course of the audit, the Company was advised by the auditor of the Company that the valuation methodology in respect of the intangible assets was not in line with the requirements of the relevant accounting standards. In the Group's interim report, Market-Based Approach was adopted in valuing the business of Yin Di Company assuming that the mining license was the only asset of Yin Di Company. However as advised by the auditor of the Company and pursuant to the HKFRS 3 – Business Combination, each of the assets and liabilities arising from the acquisition of Jun Qiao should be stated at its fair value. A separate valuation was required in ascertaining the fair value of the mine independently from the business of Yin Di Company as a whole. In the later valuation, the mining right of Yin Di Company was valued with Income-Based Approach, while Market-Based Approach was adopted for the valuation of 2 exploration rights. The management had also discovered that certain components, mainly the financial derivatives elements of the financial instruments issued, of the consideration for the acquisition was omitted in the valuation. As such, separate valuations were performed by Roma Appraisals Limited, an independent valuer, and different values came up. In addition, when the auditor of the Company was auditing the consolidated financial information of Jun Qiao Limited at the date of acquisition, certain adjustments was found. The above reasons resulted in different gain on bargain purchase being disclosed.

Management Discussion and Analysis

In the Group's interim report for the six months ended 30 September 2011, consideration transferred was disclosed as HK$104,214,000. The amount was decreased to HK$99,366,000 in the audited financial statements for the year. The difference was reconciled as follows:

Notes	As stated in the interim report HK$	Call option features HK$ *a*	Change in equity portion HK$ *b*	Changes in liability component HK$ *c*	As stated in the audited financial statement HK$
Cash	39,000,000	–	–	–	39,000,000
Consideration CB	24,087,000	(162,000)	(2,734,000)	(559,000)	20,632,000
Consideration PN	41,127,000	(309,000)	–	(1,084,000)	39,734,000
	104,214,000	(471,000)	(2,734,000)	(1,643,000)	99,366,000

Notes:

a. The fair value ascribed to the call option features was omitted when the Group prepared its interim result announcement. The call option referred to the right to redeem the relevant financial instruments before their respective maturity dates.

b. During the preparation of the interim result announcement, the equity portion, being the conversion option of the convertible bonds, was separately valued as a single instrument. However, in accordance with the relevant accounting standard, equity portion should be a residual amount. As such, the Company instructed Roma to appraise the value of convertible bonds as a single instrument and resulted in decrease in the amount of the equity portion.

c. Due to the fact that the call option features of the convertible bonds and promissory note were omitted when the Group prepared its interim result announcement, the Company instructed Roma to reassess and evaluate the risks associated with the convertible bonds and promissory note for annual result announcement. Taking into account of the nature and risks concerning the call option features have resulted in the increase in discount rates and decrease in the amounts of liability components of the convertible bonds and promissory note.

The valuation of the Group's intangible assets relied upon the estimated mineral resources data in the Reserve Report prepared by the First Survey Team of Henan Geology and Mineral Exploration and Development Bureau. The Reserve Report was based on factual geological survey, drillings and sample testing. There was no specific assumption made in the preparation of the Reserves Report. The key assumptions used in the preparation of valuation reports on the mining properties has been disclosed in the section headed "Intangible Assets" below.

Based on the valuation reports issued by Roma Appraisals Limited on 9 October 2012, the fair value of each of the Group's mining properties as at 9 May 2011 and 31 March 2012 were as follows:

Mining Property:	Status	Fair Value 9 May 2011 RMB'000	HK$'000	**31 March 2012 RMB'000**	**HK$'000**
Yin Di Mining Area	Mining	252,000	301,795	**353,000**	**436,061**
Li Zi Yuan Mining Area	Exploration	1,006	1,205	**878**	**1,085**
Hu Lei Si De Mining Area	Exploration	1,792	2,146	**1,930**	**2,384**
		254,798	305,146	**355,808**	**439,530**

Note: The fair value of the Group's mining properties as at 31 March 2012 was prepared as reference for the purpose of assessing if there was any impairment on intangible assets and for management information purposes. As no impairment on intangible assets has been provided for in the audited financial statements, the fair value as at 31 March 2012 was not reflected in the financial report.

The fair value of Yin Di Mining Area was assessed with Income-Based Approach valuation method, and has increased from HK$302 million to HK$436 million. The increase was mainly due to the increase in gold price and expected production volume. As sourced from Shanghai Gold Exchange, the 12-month trailing gold price increased from RMB286 per gram as at 9 May 2011 to RMB340 per gram as at 31 March 2012. Such significant increase in gold price would have considerable impact on the revenue of the initial year as well as those in the coming years throughout the projection. Moreover, the Group has injected resources in improving and developing the mining property. This has resulted in an increased in the expected production volume in the future year. The management planned to achieve a mining and gold ores processing capacity of 450 tones per day by three stages, which is expected to be completed before the mid of 2015. The first stage of gold production is expected to be started in the second of 2013 with daily ores production of 150 tonnes. The second stage will be started in the first quarter of 2014 and daily ores production will reach 300 tonnes. The final stage will be stated in the third quarter of 2015 when the Yin Di Mining Area could produce 450 tonnes of ores per day. With higher revenue and higher net profit, the cash flow attributable to the intangible assets would be higher accordingly, resulting in a higher fair value of intangible assets as at 31 March 2012.

The fair values of Li Zi Yuan Mining Area and Hu Lei Si De Mining Area were assessed with Market-Based Approach. Under the Market-Based Approach, transaction of comparable exploration licenses had been selected in determining the consideration-to-exploration area multiples. The change in fair values of these exploration licenses was mainly due to the change in the consideration-to-exploration area multiples, as an updated set of market comparables had been used in assessing the fair value as at 31 March 2012, in order to reflect the latest market position.

FAIR VALUE LOSSES ON DERIVATIVE FINANCIAL ASSETS

The derivative financial asset refers to the early redemption option embedded in the Group's convertible bonds. The fair value of the derivative financial assets at the date of issuance and 31 March 2012 were valued by Roma Appraisals Limited, an independent valuer. Due to the decrease in the fair value as a result of the moving closer to the maturity of the convertible bonds, a decrease in fair value was recorded.

PROVISION FOR REINSTATEMENT COSTS

As at 31 March 2012, the Group has made a provision of reinstatement costs of HK$778,239 (31 March 2011: Nil). The provision was made for the reinstatement costs, which would be incurred in the future when the exploitation activities completed and the Group was obliged to recover the mining properties to their original landscape. The provision is estimated and reassessed at the end of each reporting period with reference to the latest available quotation from independent contractors or market information and practices. Estimation based on current market information may vary over time and could differ from the actual reinstatement cost upon full extraction of the mining reserves by the Group.

INCOME TAX EXPENSES

During the financial year, income tax expenses amounted to HK$2.1 million with an effective tax rate of 11.2% (2011: 0%). The tax expenses represented the PRC Enterprise Income Tax, which was calculated as 25% on the taxable profit of the Group's subsidiaries in PRC. During the year, the profit generated by QuotePower International Limited was offset by tax losses brought forward and thus the income tax expense was solely contributed by Tong Bai County Yin Di Mining Company Limited.

The tax at the applicable tax rate was reconciled at 19.26%, being the weighted average of the statutory tax rate of Hong Kong and the PRC of 16.5% and 25% respectively based on the profit contributions from Hong Kong and PRC operations.

The effective tax rate of the Group was 11.17% which was much lower than the Group's weighted average applicable tax rate as the gain on bargain purchase amounted to HK$28.3 million was non-taxable. Such effect was partially offset by the tax effect of non-deductible expenses of HK$3.7 million which mainly relating to the Group's operation in Hong Kong as those companies did not have any income subject to Hong Kong profits tax.

OTHER SEGMENT INFORMATION

In the other segment information, depreciation of property, plant and equipment for the financial quotation segment has been decreased by approximately 48.1% from HK$1.1 million in last year to HK$0.6 million in the current year. The decrease in depreciation charge was due to the increase in computer and equipment that had become fully depreciated.

Other than the gain on bargain purchase, which has already separately disclosed in the segment revenue and results, there was no material one-off item included in the determination of segment results.

HELD FOR TRADING INVESTMENT

On 19 May 2011, May Tech Investments Limited, a wholly-owned subsidiary of the Company, entered into a Form of Placing Letter with Tanrich Securities Company Limited, to subscribe for 8,274,000 new shares of RCG Holdings Limited (Stock code: 802) at a price of HK$1.45 per share. The Group paid approximately HK$12 million accordingly during the year. The security was held for short term trading purpose, which aimed at improving returns on the Group surplus cash resources after receiving the refundable deposit and liquidated damage. As the relevant applicable percentage ratios, as defined in the Listing Rules, were less than 5%, the subscription of placing shares did not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

EARNINGS PER SHARE

For the year ended 31 March 2012, the basic earnings per share amounted to 1.98 cents, which shown a great improvement from the losses per share of 4.56 cents from the last reporting year.

In accordance with the relevant accounting standard, the fair value changes of derivative financial assets and the finance costs in respect of the convertible bonds were required to be added back for the computation of the diluted earnings (losses) per share. Taking into account the incremental ordinary shares that can be converted, the diluted earnings per share for the year ended 31 March 2012 higher than the basic earnings per share while the absolute amount of the diluted losses per share for the year ended 31 March 2011 was lower than the basic losses per share which represented an anti-dilutive effect.

DEFERRED TAX LIABILITIES

As at 31 March 2012, deferred tax liabilities contributed by Jun Qiao amounted to HK$75.4 million, which was calculated at the tax rate of PRC Enterprise Income Tax of 25% mainly on the increase in fair value of intangible assets in accordance with the relevant accounting principle.

FINANCIAL POSITION

The Group's consolidated statement of financial position remained solid. Shareholders' equity increased from HK$118.8 million to HK$182.5 million. Total assets and net assets increased by almost 1.47 times and 1.35 times to HK$477.9 million and HK$305.6 million respectively, which was primarily due to the successful acquisition of Jun Qiao in the year. Nevertheless, the net current liabilities of the Group as at 31 March 2012 amounted to HK$1.2 million, representing a significant decline from the net current assets of HK$128.1 million in last year. This was because, after receiving the refundable deposit of HK$130 million, the Company has applied the sum on several capital investments, including the acquisition of Jun Qiao and associated capital expenditures, for the Group's sustainable development in the future.

In the current year, the net cash used in operations amounted to HK$18.5 million, as compared to that of HK$8.1 million in previous year. The net cash used in operation increased by HK$10.4 million, which was primarily due to the increase in account receivables and decrease in trade payable by HK$12.8 million and HK$6.6 million respectively. The net cash inflow from the Group's investing activities amount to HK$16.8 million, which was due to the receipt of refundable deposit by the Company. Overall, the net increase in cash and cash equivalents of the Group amount to HK$1.8 million, as compared to the net decrease in previous year of HK$3 million, there was an improvement of HK$4 million, which showed the management's effort to maintains a conservative approach to cash management and risk controls.

CASH FLOW POSITION

As at 31 March 2012, the Group's cash and cash equivalent amounted to approximately HK$31.3 million (31 March 2011: HK$29.1 million). During the year, the Group has a net increase in cash and cash equivalent of HK$1.8 million, which reflect an improvement as comparing to the net decrease of cash and cash equivalent of HK$3.0 million in previous year.

Contributing by the improved operating results, the Group's operating cash outflow before movements in working capital has reduced by HK$8.5 million to approximately HK$0.6 million in the current year. Nevertheless, net cash used in operations amounted to approximately HK$18.5 million in the current year, which was mainly due to the increase in trade receivables of HK$12.8 million and decrease in trade and other payables of HK$6.6 million. The increase in trade receivables was primarily occurred in the Group's new business segment of mining operation. To facilitate the sale of mineral ores to local processing plants, the Group has provided customers with credit terms which were competitive in the local market. Although the balance of trade receivables was escalating, the management did not foresee any recoverability problem as the amount has been settled after the reporting date. Trade and other payables has decreased as, with adequate financial resources, the Group settled business partners promptly in order to maintain better business relationship.

Net cash from investing activities amounted to approximately HK$16.8 million. During the year, the Company has received refundable deposit and the associated liquidated damage amounted to HK$150.3 million, which was the major cash inflow in the Group's investing activities. For the details about the refundable deposit and liquidated damage, please refer to the Company's annual report for the year ended 31 March 2011. During the year, the Group's cash outflow in investing activities mainly related to the new mining operation segment. To diversify in the mining business, the Group paid net cash of approximately HK$37.8 million as partial consideration to acquire Jun Qiao. Thereafter, the Group paid approximately HK$11.7 million for exploration activities and HK$42.2 million for improvement in mining and processing technologies and capacity and site preparation. These improvements works have been completed, and the management did not expect significant investment in capital expenditures in coming years. In addition, the Group has paid HK$30 million as refundable deposit for the possible acquisition of Billion Light Holdings Limited. For details, please refer to the section headed "Mergers and Acquisitions". During the year, the Group has purchased a listed security for approximately HK$12 million. The security was held for short term trading purpose, which aimed at improving returns on the Group surplus cash resources.

Net cash from financing activities amounted to HK$3.5 million. During the year, the Company has placed 73,107,200 new shares to independent investors at a price of HK$0.64 per share. After deducting expenses of HK$2.1 million, the Company received approximately HK$44.7 million from this placement of shares. Other than that, the Company did not have any large scale fund raising activity. During the year, the Company has repaid HK$8 million to a substantial shareholder on demand, and re-deemed promissory notes amounted to HK$40 million.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2012, the Group's cash and cash equivalents amounted to HK$31.3 million (2011: HK$29.1 million). Except for the convertible bonds and promissory notes amounted to HK$21.7 million and HK$15.4 million respectively, the Group had no banks loans or borrowings with fixed term of repayment at the end of year.

	As at 31 March 2012	As at 31 March 2011
Current ratio (current assets/current liabilities)	**0.99 times**	3.0 times
Gearing ratio (total liabilities/total assets)	**36.1%**	33.0%

Despite the net current liabilities, the Group's liquidity remains healthy. Nevertheless, as the Company is still keen on looking for strategic investment to diversify its business operation, additional financing might be requested when suitable investment opportunity was identified. The management will assess and consider various possible fund raising alternatives to strengthen the capital base and financial position of the Company and to make sure that the Company will have sufficient working capital to support its future operational and investment needs.

TRADE RECEIVABLES

The breakdown of trade receivables of the Group by operating segment were as follows:

	31 March 2012 HK$	31 March 2011 HK$
Financial Quotation Services	**5,705,510**	7,943,012
Mining Operations	**15,039,530**	–
	20,745,040	7,943,012

The significant increase in trade receivables of the Group was due to the contribution from the new mining operations. Trade receivable in the Group's financial quotation segment has been decreased by approximately 28.2%, which was in line with the decrease in turnover derived from the segment during the year. For the mining operations, to facilitate the sale of mineral ores to local processing plants, the Group has provided customers with credit terms which were competitive in the local market. Although the balance of trade receivables was escalating, the management did not foresee any recoverability problem as the amount has been settled after the reporting date. The management will constantly review the aging and credit standing of customers to ensure trade receivables can be fully recovered.

OTHER RECEIVABLE, DEPOSITS AND PREPAYMENTS

The breakdown of other receivables, deposits and prepayments were as follows:

	31 March 2012 HK$	31 March 2011 HK$
Liquidated damage receivable	**1,988,606**	22,300,000
Other receivables	**465,155**	90,064
Rental deposits	**1,499,294**	1,767,310
Prepayment	**723,800**	760,141
	4,676,855	24,917,515

The decrease in the overall balance was due to settlement of majority of last year's liquidated damage. The remaining liquidated damage as at 31 March 2012 was fully settled subsequent to the end of the reporting period. The remaining balances were not material to the Group.

PREPAYMENTS FOR EXPLORATION AND EVALUATION ACTIVITIES

As at 31 March 2012, the prepayments for exploration and evaluation activities amounted to approximately HK$11.65 million were made for exploration drilling activities in relation to the Group's exploration rights held. The prepayments were made in accordance with the contracts entered into with the exploration teams and the exploration drilling activities had not yet been commenced as at 31 March 2012.

The detail breakdowns of prepayments for exploration and evaluation activities were as follows:

	HK$'000
Li Zi Yuan Mining Area exploration contract	4,447
Hu Lei Si De Mining Area exploration contract	7,165
Miscellaneous expenses, fees and levies	38
	11,650

There are two stages for these exploration contracts. Stage one is called preliminary exploration and stage two is called advanced exploration. The stage one is mainly focusing on finding and locating the mineralization belts and to determine the economic ore veins within the mineralization belts using some geotechnical measures and the activities are mainly on the surface. The stage two is to identify the ore bodies in more details and deeper underground by using drilling method. Both Li Zi Yuan Mining Area and Hu Lei Si De Mining Area are in the stage one exploration works of locating mineralization belts.

For the Li Zi Yuan Mining Area exploration contract, it is an all-in arrangement with the exploration team whereas the Group paid RMB3.6 million and the exploration team shall prepare all relevant materials, including mineral reserve report and feasibility study report for the approval of the Department of Land and Resources of Henan Province.

For the Hu Lei Si De Mining Area exploration contract, the contract sum is not fixed and will be depending on the volume of exploration works and activities, including geological survey, drilling and sample testing. The exploration team is obliged to carry out exploration works pursuant to the relevant code and standards for geological exploration of gold mines.

The Company believed that the prepayment was a normal business practice for the exploration teams giving the high credit risk associated with the uncertainty in exploration results. The management always endeavors to negotiate the best contract terms for the Company. It is believed that these exploration contracts will promote the substantive development of the Group's mining operation.

INTANGIBLE ASSETS

The Group's intangible assets, which comprised of mining right and reserves and exploration rights, amounted to approximately HK$314.8 million, which was resulting from the acquisition of Jun Qiao during the year. The value of intangible assets as at 9 May 2011, being the date of completion of the acquisition of Jun Qiao, were valued by Roma Appraisals Limited ("Roma"), an independent valuer.

Income-Based Approach was adopted for the mining right valuation; while Market-Based Approach was adopted for exploration rights valuation.

Regarding mining right valuation, the valuer has adopted the following key assumptions in determining the mining right value:

– The pre-tax discount rate of 21.67% was adopted as at 9 May 2011;

– The mining company 桐柏縣銀地礦業有限公司 (Tong Bai County Yin Di Mining Company Limited) can successfully renew the mining licence and develop the gold mine as planned;

– There exist reliable and adequate transportation network and capacity for processing the mine products;

– Economic conditions will not deviate significantly from forecasts; and

– There will be no major changes in the political, legal, economic or financial conditions in the localities in which the gold mine operates or intends to operate, which would adversely affect the revenues attributable to and the profitability of the mining right.

Regarding the exploration rights valuation, the valuer has adopted the following key assumptions in determining the exploration rights value:

– The list of comparable transactions adopted reflects market conditions and economic fundamentals as at the valuation dates;

– The list of comparable transactions adopted is sufficient and representative for the valuation; and

– There will be no major changes in the political, legal, economic or financial conditions in the localities in which the gold and lead mines operate or intend to operate, which would adversely affect value of the exploration rights.

In ascertaining the carrying value and assessing if there is any impairment on the mining right and reserves, the Directors had engaged Roma to perform valuations on the mining right and reserves based on financial forecasts prepared by the management as at 9 May 2011 and 31 March 2012 respectively. The management had prepared the financial forecasts based on the probable and proven reserves as stipulated in the reserve reports prepared by 河南省地質礦產勘查開發局 as at 31 March 2011 and 31 March 2012 respectively. The Directors considered that the financial forecast had been prepared under due and careful considerations. Roma had discussed the assumptions with the management and compared the parameters of the financial forecast to market information and considered reasonable. Based on the valuation as at 31 March 2012, which had a higher fair value than the carrying amount, the Directors considered that there was no impairment on the mining right and reserve as at 31 March 2012.

In the valuation report issued by Roma for the fair value of intangible assets as at 31 March 2012, Roma have adopted certain assumptions in their valuation and the major ones are as follows:

– The Group can successfully renew the mining licence and exploration licences, and develop the mining properties based on the updated business plan provided by the management;

– The projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals, and will be materialized;

– There exist reliable and adequate transportation networks and capacity for processing the mine products;

– Economic conditions will not deviate significantly from forecasts; and

– There will be no major changes in the political, legal, economic or financial conditions in the localities in which the mining properties operate or intend to operate, which could adversely affect the revenues attributable to and the profitability of the mining right and the exploration rights.

The auditor of the Company had discussed the financial forecasts with the management and Roma and considered that the assumptions, parameters and discount rate adopted in the valuations are reasonable and thus considered that fair value of the mining right and reserves as at 9 May 2011 is reasonable and concur with the Directors that there was no impairment on the mining right and reserves as at 31 March 2012.

In respect of the exploration rights, the fair values as at 9 May 2011 were determined by Roma using a market comparison approach. The auditor of the Company had reviewed the comparable transactions adopted by Roma and considered that the value assessed by Roma is reasonable.

In assessing if there is any impairment on the exploration rights, the Directors had made reference to the requirements stipulated in HKFRS 6 – Exploration for and Evaluation of Mineral Resources, issued by the Hong Kong Institute of Certified Public Accountants. Having considered inter alia the terms of the explorations had been renewed subsequent to the end of the reporting period, the Group had paid the professional fees for the exploration and drilling activities for the subject mining area and the positive findings as reverted by the exploration team up to the date of this report, the Directors considered that there was no impairment on the exploration rights. The auditor of the Company, after discussing with the Directors and taken into the above, concur with the Directors that there was no impairment over the Group's exploration rights.

In accordance with HKFRS 6, exploration right should be stated at cost less impairment losses and therefore no amortisation had been recognised during the year.

In respect of the mining right and reserves, in accordance with the Group's accounting policy, they are amortised over the estimated useful life on a straight line basis based on the probable and proven reserves, the estimated useful life. Such kind of amortisation method is named as the unit-of-production ("UOP") method. During the current year, the mineral reserves that had been extracted represented extra resources not stipulated in the reserve report as at 31 March 2011 and thus the carrying value of the mining right and reserves recognised on acquisition of Jun Qiao did not include the resources extracted and therefore, no amortisation had been recognised in such respect. With the UOP method, the intangible assets are amortised according to the production quantity during the reporting period.

In the Group's interim report for the six months ended 30 September 2011, the value of intangible assets as stated in the unaudited consolidated statement of financial position was approximately HK$231 million. According to the sales and purchase agreement, the acquisition of Jun Qiao was conditional upon the obtaining of a valuation report from a valuer appointed by the Company and showing the fair value of the operating mine (Yin Di Mining Area) to be not less than HK$200 million. The Company thus appointed Roma to perform the required valuation. Based on the valuation report issued by Roma on 5 May 2011, the value of the 100% interest in Yin Di Company (being the holder of the mining license) was reasonably stated at RMB195 million (equivalent to approximately HK$233.5 million). The said valuation was prepared under the market-based approach by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. In preparing the interim report for the six months ended 30 September 2011, the management took this valuation report as basis to refer the value of intangible assets to be included in the unaudited financial statements. Other than the intangible asset, the other assets and liabilities as disclosed in the interim report were extracted from the unaudited consolidated financial information of Jun Qiao Limited and its subsidiaries. During the course of annual audit, after reviewing the relevant information and documents, the management was advised by the auditor of the Company that pursuant to the HKFRS 3 – Business Combination, each of the assets and liabilities arising from the acquisition of Jun Qiao should be stated at its fair value. A separate valuation was required in ascertaining the fair value of the mine independently from the business of Yin Di Company as a whole. In the later valuation, the mining right of Yin Di Company was valued with Income-Based Approach, while Market-Based Approach was adopted for the valuation of 2 exploration rights. Then the Company appointed Roma to re-perform the valuation at acquisition date, and came up with a value of HK$305 million for the intangible assets, and a value of HK$225 million for the fair value of net identifiable assets acquired. Giving the basis and approach were different between the valuation report issued on 5 May 2011 and the valuation reports used for annual reporting purpose, the amount of intangible assets, the value of net assets acquired, and hence the resulting figure for non-controlling interest of subsidiaries and the gain on bargain purchase were different between those amounts stated in the unaudited interim report and this audited financial statements.

DEPRECIATION

The mining structures refer to the infrastructures that are erected for the whole mining area which are expected to last until the end of the extraction activities. As such, these structures are depreciated in the same way as the mining right and reserves, that is based on the UOP method.

For the plant and machinery which will mainly be deployed for ore refinery and thus a 15% depreciation rate was applied.

The amortisation method and the estimation of useful lives is in line with market practice.

The depreciation method and useful lives had been agreed with the auditor of the Company and Roma.

UOP method is adopted for the mine specific items such as the infrastructures within the mining area enabling the extraction of mineral reserves. As these mine specific items normally have a long useful life and they will be abandoned when the mining reserves is fully extracted, the Company considered that the adoption of UOP method for the depreciation purpose is more appropriate.

On the other hand, straight-line depreciation over $6^2/_3$ years is adopted for non-mine specific items such as tailings pond and the roads built to connect the mine with the highway as the Company considered that their useful life are not directly correlated to the extraction of reserves.

Based on the production plan of the Group, the mineral reserves are expected to be fully extracted within 15 years.

In accordance with the Group's accounting policy, depreciation method and useful lives are assessed annually.

SHARE CAPITAL

As at 31 March 2012, the total number of issued ordinary shares of the Company was 640,643,200 shares (31 March 2011: 567,536,000 shares). On 5 May 2011, the company has successfully placed 73,107,200 ordinary shares at a price of HK$0.64 per share, and raised net proceeds of approximately HK$44.7 million. The net proceeds has been used as to HK$39 million for acquisition of Jun Qiao and as to HK$5.7 million as general working capital of the Group.

Resolution approving the placement of 400,000,000 new ordinary shares at the placing price of HK$0.25 per share (the "Placing") was passed by the shareholders at a special general meeting on 5 March 2012. Details of the Placing were set out in the Company's circular dated 15 February 2012. The Placing has successfully completed after the end of financial year on 29 June 2012.

FUND RAISING ACTIVITIES AFTER REPORTING PERIOD

Subsequent to the balance sheet date and up to the date of release of this financial report, the Company has conducted several fund raising activities involving the issue of new shares. The effects of these new issues on the Company's share capital are as follows:

	No. of shares	Amount HK$
Authorized:		
Ordinary shares of HK$0.01 each	6,000,000,000	60,000,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
As at 31 March 2012	640,643,200	6,406,432
Placing of new shares under general mandate on 15 May 2012 (note 1)	86,154,000	861,540
Placing of new shares under general mandate on 26 June 2012 (note 2)	41,000,000	410,000
Placing of new shares under specific mandate and completed on 29 June 2012 (note 3)	400,000,000	4,000,000
	1,167,797,200	11,677,972

Note:

1 On 27 April 2012, the Company entered into a placing agreement with Emperor Securities Limited ("ESL") whereby the Company agreed to place, through ESL, on a best effort basis, a maximum of 86,154,000 new shares at a price of HK$0.26 per share. The placement of new shares was successfully completed on 15 May 2012, and 86,154,000 new shares have been issued. The Company raised net proceeds of approximately HK$21.7 million from the placement. The net proceed was intended to repay outstanding convertible bonds of the Company if the said were not fully converted by its holder before the maturity date. Provided that they were fully or partly converted by its holder before the maturity date, the proceeds from the placement would be intended to partly repay the loan from a substantial shareholder of the Company. The net proceeds was subsequently used as to HK$14.2 million to repay the loan from a substantial shareholder, as to HK$6 million to repay advance from directors, and as to HK$1.5 million for general working capital.

2 On 15 June 2012, the Company entered into a placing agreement with ESL, whereby the Company agreed to place, through ESL, on a best effort basis, a maximum of 41,000,000 new shares at a price of HK$0.305 per share. The placement of new shares was successfully completed on 26 June 2012, and 41,000,000 new shares have been issued. The Company raised net proceeds of approximately HK$12.1 million from the placement. The Company intended to use the net proceeds of approximately HK$6 million to reduce the liabilities of the Group, including but not limited to the outstanding balance of the loan from a substantial shareholder of the Company, the outstanding balance of loan from a director and the outstanding balance of the promissory notes. The remaining balance of HK$6.1 million will be used as general working capital of the Company. The net proceeds was subsequently used as to HK$5.8 million to repay the loan from a substantial shareholder, as to HK$2 million to repay advance from a directors, and as to HK$4.3 million for general working capital.

3 On 18 January 2012, the Company and United Simsen Securities Limited ("United Simsen") entered into a placing agreement, pursuant to which United Simsen has conditionally agreed to place, on a best efforts basis, 400,000,000 new shares a price of HK$0.25 per share, under a specific mandate granted to the Board by shareholders in general meeting. In the special general meeting held on 5 March 2012, the ordinary resolution to approve the placing of 400,000,000 new shares was passed by shareholders by way of poll. The placement of new shares was successfully completed on 29 June 2012, and 400,000,000 new shares have been issued. The Company raised net proceeds of approximately HK$95 million from the placement. The Company intends to apply the net proceeds as to (i) not less than 50% of the net proceeds for financing the acquisition 55% of the issued share capital of Billion Light Holdings Limited and/or any other investment opportunities that may be identified by the Group; and (ii) not more than 50% of the net proceeds for the reduction of liabilities of the Group and/or general working capital of the Group. The net proceeds was subsequently used as to approximately HK$37.7 million to repay outstanding convertible bonds and promissory notes, including interest, of the Company. The intended uses of the remaining net proceeds remained unchanged.

Save for the above, the Company has no current intention or plan for any fund raising activity, whether or not involving any issues of new shares.

MERGERS AND ACQUISITIONS

During the year, the Company has completed the acquisition of 60% equity interest and shareholder's loan of Jun Qiao for a consideration of HK$99.4 million. The consideration was satisfied by cash and by the issue of convertible bonds and promissory notes for the amount of HK$39 million, HK$20.6 million and HK$39.8 million respectively. After the acquisition completed on 9 May 2012, Jun Qiao and its subsidiaries become subsidiaries of the Company, and their financial results are consolidated in the Group's financial statements thereafter.

On 7 November 2011, the Company entered into a conditional sales and purchase agreement with Magic Luck International Limited (the "Vendor"), for the acquisition of 55% issued share capital and shareholders' loan of Billion Light Holdings Limited (the "Target Company"), for a total consideration of HK$200,000,000 of which HK$100,000,000, HK$50,000,000 and HK$50,000,000 will be settled by cash, two-year convertible bonds and two-year promissory notes respectively. The Target Company, through its subsidiaries, are principally engaged in the leasing of point-of-sales terminals (the "POS Terminals") and provision of ancillary services in mainland China. Details regarding the proposed acquisition can be referred to the Company's announcements dated 8 November 2011. As at 31 March 2012 and the date of this report, this acquisition has not yet been completed. During the year, HK$30 million has been paid as refundable deposit upon the signing of the sales and purchase agreement. The Company has appointed various professional parties to perform due diligence procedures and to prepare various professional reports to be included in the circular pursuant to the Listing Rules. All these due diligence works are in progress. As the quantity of contractual agreements are huge, and the business itself and the business model employed by the Target Company are rather unique, the time need to complete all these required due diligence works is longer than expected. Other than this, the management does not foresee any difficulties concerning the acquisition. Subject to the resumption of trading of shares of the Company, it is expected that, the acquisition can be completed before the end of 2012. The management will inform the public about the progress of this acquisition and/or dispatch the relevant circular to shareholders in accordance with the Listing Rules.

PLEDGE OF ASSETS

As at 31 March 2012, no assets of the Group were pledged to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 March 2012, the Group had no material contingent liabilities.

CAPITAL COMMITMENTS

	2012 **HK$**	2011 HK$
Contracted but not provided for capital commitment in respect of the acquisition of:		
– Subsidiaries (note)	**170,000,000**	100,000,000
– Property, plant and equipment	**998,493**	284,603
	170,998,493	100,284,603

Note: Please refer to the section "Mergers And Acquisitions" above.

FOREIGN EXCHANGE EXPOSURE

Most of the operations and trading transaction, assets and liabilities of the Group were denominated in Hong Kong dollar and Renminbi. During the year ended 31 March 2012, the Group had an insignificance amount of exchange difference.

The Group adopted a conservative treasury policy, with most of the bank deposits being kept in Hong Kong dollars and Renminbi, to minimize exposure to foreign exchange risks. As at the year end and during the year, the Group had no foreign exchange contracts, interest or currency swaps, or other financial derivatives for hedging purposes.

COMMODITY PRICE RISK

The price of the Group's products of the mining operations are influenced by international and domestic market prices and changes in global supply and demand for such products. Price volatility of metals is also affected by the global and PRC economic cycles as well as the fluctuations of the global currency market. Both the international and domestic market price of metals as well as the volatility of their supply and demand are beyond the control of the Company. Therefore, the volatility of commodity price may affect the turnover from the Group's mining operation and thus the comprehensive income of the Group. The Group did not engage in nor enter into any trading contracts ad price arrangements to hedge the risk of volatility of metals prices.

EMPLOYEE REMUNERATION POLICY

As at 31 March 2012, the Group had 58 employees (31 March 2011: 47 employees). Total salaries, commissions, incentives and all other staff related costs incurred for the year ended 31 March 2012 amounted to approximately to HK$16.8 million (31 March 2011: HK$15.6 million). Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds, life insurance and medical assistances benefit. The Company may also grant share options to eligible employees to motivate their performance and contribution to the Group.

OUTLOOK

The Mining Operations

Looking forward to the succeeding years, there will be still uncertainties in the recovery of the global economic due to extreme volatilities in the global market and the European sovereign crisis. On the back of such environment, precious metals remain a fundamental option for investors who opt for a diversified portfolio to mitigate systematic risks. Coupled with the overwhelming demands from the PRC market, the management expects to see continued upside potential for metals price, especially gold and silver, during the comings financial years.

The mining operation is rather new to the Group and to its senior management. Except for the Chief Executive Officer of the Company, the Group's senior management had no experience and professional knowledge on the operation. The scale of the Group's mining operation is considered small and limited. The Group can only be a market follower, and has no influence on both the market price and sales of ores and ores concentrates in the local market. The prospect of the Group's mining operation relies solely on the Group's ability to extract valuable mineral resources efficiently and economically, and to identify new mineral reserves in the Group's mining properties. Regarding this direction, the Group has appointed local experienced exploitation and exploration teams in order to deliver the full potential of the Group's mineral reserve and resources.

Based on the existing gold and silver reserves and resources of the Group, it is expected to have higher production in the year to come. In near term, the Group will focus on the exploitation of gold and silver ore and production of concentrates. To achieve greater stability, predictability, consistency and sustainability of the Group's mining production, the management has set the following strategies:

1. Further enhance the mining and ore processing technologies;

2. Increase the capacity of ore processing plant by constructing additional processing facilities;

3. Increase the exploitation capacity by appointing or co-operating with contracted qualified mining teams; and

4. Facilitate the completion of the exploration works and feasibility studies in Li Zi Yuan Mining Area and Hu Lei Si De Mining Area so as to formulate suitable development plan.

Regarding the exploration works of the Group, the previous and current works on the fields of the two exploration license have showed the results of finding gold mineralization. There have been mineral samples taken from the field surface of licensed exploration area in Henan and Xinjiang, and the samples examined for gold. The results are positive as the grade of gold ore samples are ranging from 0.5 g/t and 6 g/t. However, at the moment it could not provide details of the geological results, because there are extra geological works to be carried out in the coming months, and the stage geological summary report will be produced after the works finished.

The exploration works was expected to be finished before the end of 2013. The resource/reserve reports and the feasibility reports for both exploration properties will be carried out during the year of 2014 and the resulting mining licenses could be issued in the same year.

Regarding the development plan and the strategy for the Yin Di Mining Area, the Group's only operating mine, the management planned to achieve a mining and gold ores processing capacity of 450 tonnes per day by three stages, which is expected to be completed before the mid of 2015. The first stage of gold production is expected to be started in the second quarter of 2013 with daily ores production of 150 tonnes. The second stage will be started in the first quarter of 2014 and daily ores production will reach 300 tonnes. The final stage will be stated in the third quarter of 2015 when the Yin Di Mining Area could produce 450 tonnes of ores per day. It is expected the Group will be able to produce contained gold of about 525 kg per year and create an output value of about RMB128 million from year 2016 onwards. In the mean time, the Group will continue the extraction of silver ores from the mining area to fully utilize the potential of our mining property. The selling of silver ores could provide a stable revenue and cash flow for the mining operation. It will be the strategy of the Group to carry out mining operation, mine development and exploration works simultaneously in order to keep generating cash-flow from the mining operation while making investment. The Group has no current intention and plan to acquire other mining properties in the near future. The management will focused on the development of the Group's existing mining properties.

The progress and growth that the Group has made in the current year is encouraging. The Group has now its strategy firmly in place and is well positioned to advance into the exciting new phase of growth.

The Financial Quotation Segment

The financial results of QuotePower, the main revenue producer of the Group, to a large extent depend on the performance of the stock market. QuotePower is one of the leading financial quotation service providers in Hong Kong. It has long history in the market and has wide client base. However, it is believed that the market for paid financial quotation services has been fully developed and saturated. The potential for further development is very limited and raise of subscription price would result in loss of subscribers. The management of QuotePower has launched financial quotation services in mobile devices platform in recent years, yet the effort has achieved little in terms of attracting subscribers and widening revenue base. The prospect of the Group's financial quotation service segment depends on the management's ability to retain customers by providing quality services and control costs. Demand for the Group's financial quotation services derives mainly from the investment sentiments in the financial market. Investor sentiments have been recovering as a result of the quantitative easing monetary policies adopted by various governments after the financial tsunami in earlier years. Given the strong market position and customer base built up over the years, we are reasonably confident that QuotePower will be able to regain its proven track records. However, as a matured and fully developed business sector, the room for further growth and development of the segment is limited. Meanwhile, the continued strengthening of Hong Kong as an international financial centre should also present us with new growth prospects, which we believe QuotePower is well-placed to capture. It will continue to explore business opportunities to enhance its market leadership in the area of financial information services and to expand the geographical reach of its sales and marketing activities. It is expected that the financial quotation services provided by the Group will still face severe challenge ahead. The management will strive to exercise prudent business measures to maximize its profitability or to minimize the loss.

Other

The management always believes that it is in the best interest of the Company and the shareholders to diversify the Group's business portfolio. The Company will continue to identify appropriate potential investment opportunities.

On 7 November 2011, the Company entered into a conditional sales and purchase agreement with Magic Luck International Limited (the "Vendor"), for the acquisition of 55% issued share capital and shareholders' loan of Billion Light Holdings Limited (the "Target Company"), for a total consideration of HK$200,000,000. The Target Company, through its subsidiaries, is principally engaged in the leasing of point-of-sales terminals (the "POS Terminals") and provision of ancillary services in mainland China. During the past years, the e-payment has developed into one of the most important segments in the non-cash payment system in the PRC. The services and products of the e-payment, especially the POS Terminals, have been widely used in many other industries including but not limited to travel, education, public utility, finance and retail. According to the China Payment System Development Report* (中國支付體系發展報告) by the People's Bank of China in May 2011, the number of the POS Terminals installed in the PRC has grown from approximately 270,000 in 2002 to approximately 3,334,000 in 2010 with an annual growth rate of 37%. The management believed that the potential and development in this business segment is significant. The acquisition has not been completed and will be subjected to approval by shareholders. If the acquisition proceeds to completion, the Target Company will become a subsidiary of the Group. Details regarding the proposed acquisition had been included in the Company's announcements dated 8 November 2011, 16 November 2011, 30 December 2011, 31 January 2012, 1 February 2012, 2 March 2012, 30 March 2012, 2 May 2012, 31 May 2012, 29 June 2012, 31 August 2012, 28 September 2012, 31 October 2012 and 31 December 2012.

Except for those fund raising activities after end of the reporting period and the proposed acquisition of Billion Light Holdings Limited disclosed above, the Company has no current intention or plan for any fund raising activities, any acquisition or investments, and any disposal or scale-down of any current business.

Directors' Report

The directors are pleased to present their report together with the audited consolidated financial statements for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the principal subsidiaries are shown in note 40 to the consolidated financial statements.

An analysis of the Group's performance for the year by reportable and geographical segments is set out in note 8 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 40.

RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 42.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 31 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company are set out in note 39 to the consolidated financial statements.

FIVE-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 92.

DIRECTORS

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

Executive Directors:

Mr. Chen Jiasong *(Chairman)*
Mr. Cheung Wai Shing
Mr. Choy Kai Chung, Andy
Mr. Lau Kevin
Mr. Song Gaofeng
Ms. Ma Sai
Ms. Lam Pui Sea (resigned on 10 October 2011)

Non-Executive Director:

Mr. Qiu Hai Jian

Independent Non-Executive Directors:

Mr. Chen Haoyun, Jordy (appointed on 28 December 2012)
Mr. Lee Kwong Yiu
Mr. Lee Ho Yiu, Thomas
Mr. Zhang Guang Hui

In accordance with the Company's Bye-laws, Mr. Chen Haoyun, Jordy, Mr. Lau Kevin, Mr. Choy Kai Chung, Andy, Mr. Lee Ho Yiu, Thomas and Mr. Zhang Guang Hui should retire at the forthcoming annual general meeting (Notice of which will be dispatched in due course) and, being eligible, offer themselves for re-election. None of the directors proposed for re-election has a service contract with the Company or its subsidiaries which is not determinable by the Company or its subsidiaries within a year without payment of compensation other than statutory compensation.

SHARE OPTION SCHEMES

Under the share options scheme (the "Option Scheme") approved by the shareholders at a Special General Meeting of the Company held on 27 March 2002 ("Adoption Date"), the Directors may, at their discretion, invite any participants to take up options to subscribe for fully paid ordinary shares ("Shares") in the Company subject to the terms and conditions stipulated therein.

Details of the Option Scheme are as follows:

Purpose

The purpose of the Option Scheme is to provide incentives or rewards to Participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity ("Invested Entity").

Participants

The Directors may, at their discretion, invite any Participant including any executive director, non-executive director or employee (whether full time or part time), shareholder, supplier, customers, consultant, adviser, other service provider or any joint venture partner, business or strategic alliance partner, in each case, of the Company, any subsidiary of the Company or any Invested Entity, to take up options to subscribe for Shares in the Company.

Maximum number of shares

(1) 30% Limit

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 Option Scheme of the Company must not exceed 30% of the Shares in issue from time to time (the "Scheme Limit").

(2) 10% Limit

In addition to the Scheme Limit, and subject to the following, the total number of shares which may be issued upon exercise of all options granted under the Option Scheme of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Option Scheme (excluding any options which have lapsed) (the "Scheme Mandate Limit").

The Company may, from time to time, renew the Scheme Mandate Limit by obtaining the approval of its shareholders in general meeting. The Company may also seek separate approval by its shareholders in general meeting for granting options beyond the renewed Scheme Mandate Limit provided the options in excess of such limit are granted only to Participants specifically identified.

Maximum Entitlement of Each Participant

Unless approved by shareholders of the Company, the total number of securities issued and to be issued upon exercise of the options granted to each Participant (including both exercised and outstanding options) in any 12 month period must not exceed 1% (0.1% for any director, chief executive or substantial shareholder) of the Shares in issue. Where any further grant of options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such further grant representing in aggregate over 1% (0.1% for any director, chief executive or substantial shareholder) of the relevant class of securities in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Participant and his associates abstaining from voting.

Price of Shares

The exercise price must be at least the higher of: (a) the nominal value of a Share at the date of grant; (b) the closing price of a Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

SHARE OPTION SCHEMES (CONTINUED)

Amount payable upon acceptance of the option

Acceptance of an offer of the grant of an option shall be by the delivery to and receipt by the Company at its registered office of the form of acceptance sent to the Participant duly completed and signed by the Participant together with a remittance of HK$10.

Time of Exercise of Option

An option shall be exercisable at such time(s) or during such period(s) and subject to such terms, as the Directors may, at their discretion specify, provided that no option shall be exercisable no earlier than one month after and no later than ten years after its date of grant. Unless otherwise determined by the Directors at their sole discretion, there is no requirement of a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

The remaining life of the Option Scheme

The life of the Option Scheme is 10 years commencing on the Adoption Date and has been expired on 26 March 2012.

Shares available for issue under the Option Scheme

As at 31 March 2012, the total number of shares available for issue under the Option Scheme was 44,188,600 shares which represented approximately 3.78% of the total issued share capital of the Company.

No options were granted or exercised during the year.

DIRECTORS' INTERESTS

As at 31 March 2012, according to the register of interest kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") and so far as was known to the Directors, none of the Directors and chief executives of the Company held any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) where required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for the Securities Transactions by Directors of Listed Companies (the "Model") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange.

Apart from the share option scheme disclosed in the section "SHARE OPTION SCHEME", at no time during the period was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors 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 any of their spouses or children under 18 years of age, had any right to subscribe for shares or debt securities of the Company, or had exercised any such rights during the period under review.

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSON’S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2012, so far as is known to the Directors and the chief executive of the Company, the following person (not being a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section of the SFO or which would be fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO.

Name of shareholder	Capacity	Number of Shares or underlying Shares/Nature of interest (note 1)	Approximate percentage of issued share capital
Asian Gold Dragon Limited (Note 1)	Beneficial interest	215,054,500	18.42%
Sze Chun Ning, Vincent	Interest in a controlled corporation	215,054,500	18.42%

Note:

(1) Asian Gold Dragon Limited is the controlling Shareholder as at the date of this report and is owned as to 85% by Mr. Sze Chun Ning, Vincent and 15% by Mr. Lin Qun, the ultimate beneficial owners of Asian Gold Dragon Limited. Other than being a controlling Shareholder, Asian Gold Dragon Limited and its ultimate beneficial owners have no relationship with the Company and its connected persons.

Save as disclosed above, as at 31 March 2012, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s securities during the year and the Company has not redeemed any of its securities during the year.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under the laws of Bermuda in relation to issues of new shares by the Company.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of the Group’s purchases and sales for the year attributable to major suppliers and customers are as follows:

Purchases	
– the largest supplier	55,515,425
– five largest suppliers combined	85,806,580
Sales	
– the largest customer	46,862,341
– five largest customers combined	86,439,345

No directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company’s issued share capital) had an interest in the major suppliers or customers noted above.

SUFFICIENCY OF PUBLIC FLOAT

As far as the information publicly available to the Company is concerned and to the best knowledge of the Directors of the Company, the public float of shares of the Company has remained above the minimum percentage required by the Stock Exchange throughout the year.

EVENT AFTER THE REPORTING PERIOD

On 27 April 2012, the Company entered into a placing agreement with Emperor Securities Limited (the "Placing Agent"), whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 86,154,000 shares out of 128,128,640 new shares (the "Placing Shares") to not less than 6 independent placees at a price of HK$0.26 per share (the "Placing"). The Placing Shares represented 13.45% of the issued share capital of the Company as at 27 April 2012 and approximately 11.85% of the Company's issued share capital as enlarged by the Placing. The Placing Shares would be allotted and issued under the general mandate granted to the Directors at the annual general meeting held on 10 February 2012. The Placing was completed on 15 May 2012 and an aggregate of 86,154,000 new shares had been successfully placed. The net proceeds from the Placing, which amounted to approximately HK$21.7 million, the Company has used to repay the loan from a substantial shareholder of the Company and the loan due to a director which amounted to HK$14.2 million and HK$6 million respectively. The remaining balance amounted to HK$1.5 million is unutilized.

On 15 June 2012, the Company entered into a placing agreement with Emperor Securities Limited (the "Placing Agent"), whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 41,000,000 shares out of 128,128,640 new shares (the "Placing Shares") to not less than 6 independent placees at a price of HK$0.305 per share (the "Placing"). The Placing Shares represented 5.64% of the issued share capital of the Company as at 15 June 2012 and approximately 5.34% of the Company's issued share capital as enlarged by the Placing. The Placing Shares would be allotted and issued under the general mandate granted to the Directors at the annual general meeting held on 10 February 2012. The Placing was completed on 26 June 2012 and an aggregate of 41,000,000 new shares had been successfully placed. The net proceeds from the Placing, which amounted to approximately HK$12.1 million, the Company has used the net proceeds of approximately HK$6 million to reduce the liabilities of the Group, including but not limited to the outstanding balance of the loan from a substantial shareholder of the Company, the outstanding balance of loan from a director and the outstanding balance of the promissory notes. The remaining balance of HK$6.1 million will be used as general working capital of the Company.

On 18 January 2012, the Company and United Simsen Securities Limited ("United Simsen") entered into a placing agreement, pursuant to which United Simsen has conditionally agreed to place, on a best efforts basis, 400,000,000 new shares a price of HK$0.25 per share, under a specific mandate granted to the Board by shareholders in general meeting. In the special general meeting held on 5 March 2012, the ordinary resolution to approve the placing of 400,000,000 new shares was passed by shareholders by way of poll. The placement of new shares was successfully completed on 29 June 2012, and 400,000,000 new shares have been issued. The Company raised net proceeds of approximately HK$95 million from the placement. The Company intends to apply the net proceeds as to (i) not less than 50% of the net proceeds for financing the acquisition 55% of the issued share capital of Billion Light Holdings Limited and/or any other investment opportunities that may be identified by the Group; and (ii) not more than 50% of the net proceeds for the reduction of liabilities of the Group and/or general working capital of the Group. The net proceeds was subsequently used as to approximately HK$37.7 million to repay outstanding convertible bonds and promissory notes, including interest, of the Company. The intended uses of the remaining net proceeds remained unchanged.

AUDITORS

The financial statements have been audited by SHINEWING (HK) CPA Limited who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board

Chen Jiasong
Chairman and Executive Director

Hong Kong, 9 January 2013

Biographical Information of Directors and Chief Executive Officer

Executive directors

Mr. Chen Jiasong, aged 58, graduated from Huazhong University of Science & Technology. Mr. Chen worked in the Bureau of Light Industry of the People's Government of Shashi, Jingzhou. Then in 1982, he was relocated to work in the Committee of Economic and Trade of the People's Government of Jingzhou. During the period from 1993 to 2004, Mr. Chen acted as the Managing Director of Shenzhen Lian Jing Investment Co. Ltd. Mr. Chen joined Guangdong Junye (Group) Co. Ltd. in 2004 an is presently the Vice President of Guangdong Junye (Group) Co. Ltd. Mr. Chen has extensive experience in business development, investment and project management. Mr. Chen has been appointed as the executive director of the Company on 29 October 2008. He was the Chairman and Deputy Chairman of the Company from 12 May 2009 to 30 July 2009 and from 31 July 2009 to 8 December 2010 respectively, and has been re-designated as Chairman of the Company effective on 9 December 2010. Mr. Chen has been appointed as a member of the remuneration committee and the nomination committee and he also acts as the Chairman of the nomination committee with effect from 29 March 2012.

Mr. Cheung Wai Shing, aged 41, holds a Bachelor Degree in Accountancy from City University of Hong Kong, and a Master's of Science Degree in Finance from University of Michigan-Dearborn. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, and an associated member of The Institute of Chartered Accountants in England and Wales. Mr. Cheung has extensive experience in accounting, financial management and corporate governance and has worked in "big four" accounting firms and various private and public companies. Mr. Cheung has been appointed as the company secretary and authorized representative of the Company with effect from 21 August 2008 and an executive director of the Company effective 28 August 2008. Mr. Cheung resigned as authorized representative of the Company on 21 May 2011 and was re-appointed on 28 September 2011. Mr. Cheung has been appointed as a member of the remuneration committee and the nomination committee with effect from 29 March 2012.

Mr. Choy Kai Chung, Andy, aged 41, graduated from University of New South Wales, Sydney, Australia with a Bachelor of Science, major in Statistics and with a Master of Commerce, major in Finance. Mr. Choy has over 13 years of customer servicing experience in merchandising, sales and marketing operations. Mr. Choy is currently the Vice Chairman, Director and Chief Business Officer of Earth Buddy Inc., a green sustainable enterprise specialize in the renewable use of agricultural residues into consumable products. Before joining Earth Buddy Inc., he worked in Pacific Resources Export Limited (a former exclusive buying agent for Wal-Mart Stores Inc.) for 5 years with dual positions as Corporate Administration Manager and Operations Manager. He has in-depth auditing knowledge on Factory Certification and Compliance Program, quality control and assurance plans. Particular emphasis was placed in global environmental protection standards and good manufacturing practices. He has also established a very successful and effective program on green procurement and after sales service. Mr. Choy is particularly strong in management and organizational skills with proven track records. Mr. Choy has been appointed as executive director of the Company with effect from 9 December 2010.

Mr. Lau Kevin, aged 41, he has over 10 years' experience in the operational management of various production processes in the electronics industry in the People's Republic of China. Mr. Lau was actively involved in formulating investment strategy for these companies, and was responsible for overseeing the management operations of various investment projects. Mr. Lau has been appointed as executive director of the Company with effect from 9 December 2010.

Mr. Song Gaofeng, aged 40, graduated from 深圳大學成教學院 (Adult Education College of Shenzhen University) in July 2007, major in Finance. From 2003 to 2008, Mr. Song formed 深圳市億唯龍環保製品有限公司 (Shenzhen Yiweilong Environmental Friendly Products Company Limited*), which was engaging in manufacture of environmental friendly paper and polyethylene inner layers packaging business. In October 2009, he set up 深圳市美京投資有限公司 (Shenzhen Meijing Investment Company Limited*), which was an investment company focusing on mining businesses in China. Mr. Song has been appointed as executive director with effect from 28 January 2011.

Executive directors (Continued)

Ms. Ma Sai, aged 26, graduated from the Capital Normal University (Beijing) with major in media management and administration. She has been engaged in media related business after graduation. During the year from 2008 to 2009, she was worked for Beijing Marketing Resources Group as a customer service supervisor. During the year from 2009 to now, she was appointed as sales manager in a private company in Hong Kong. Ms. Ma has been appointed as executive director of the Company with effect from 28 January 2011.

Non-executive director

Mr. Qiu Hai Jian, aged 45, held management positions in several enterprises in China after graduation. From 1991 to 2001, he worked in an automobile parts company in Shiyan City. From 2002 to now, he has been working as an assistant manager in a mining company in Gansu. Throughout these years, he was appointed as a committee member of the Political Consultative Committee of Shiyan City, the vice president of Shiyan City Federation of Industry and the deputy chairman of the Committee of China Democratic National Construction Association in Shiyan City. Mr. Qiu has been appointed as non-executive director of the Company with effect from 28 January 2011.

Independent non-executive directors

Mr. Chen Haoyun, Jordy, aged 38, is presently the Associate Director of China YINSHENG Securities Limited. Mr. Chen obtained his bachelor degree in York University, Toronto, Canada major in economics. Mr. Chen has over ten years' experience in the investment sector and is familiar with financial and economic analysis, portfolio management, and securities trading. Mr. Chen has extensive knowledges in investment principles and practices as well as the capital and money market. Mr. Jordy Chen has been appointed as an independent non-executive director on 28 December 2012.

Mr. Lee Kwong Yiu, aged 50, is a practicing solicitor in Hong Kong since 1994. He holds professional qualification as a solicitor of the High Court of Hong Kong and an associate member of the Chartered Institute of Arbitrators. On 20 April 2006, Mr. Lee was appointed by the Ministry of Justice of the People's Republic of China as a China-Appointed Attesting Officer. He is now the principal of Messrs. Philip K.Y. Lee & Co. Solicitors. Mr. Lee is also the independent non-executive director of Sun Hing Vision Group Holdings Limited (Stock Code: 125). Between January 2002 and August 2011, Mr. Lee was an independent non-executive director of CNG Mining Company Limited (Stock Code: 1164), all of them are listed on the Stock Exchange. Mr. Lee has been appointed as an independent non-executive director, a member of audit committee and a member of remuneration committee on 19 June 2009 and a member of nomination committee of the Company on 29 March 2012. Mr. Lee also acts as the Chairman of the remuneration committee.

Mr. Lee Ho Yiu, Thomas, aged 35, has extensive experience in auditing, accounting and financial management. He is now the Partner of Lee, Au & Co. Certified Public Accountants. Mr. Lee previously worked as an Assistant Financial Controller in a multinational luxury brands group and also worked at one of the Big Four International Accounting Firms. Mr. Lee is a fellow of the Association of Chartered Certified Accountants, a Practising Member of the Hong Kong Institute of Certified Public Accountants, a Certified Tax Advisor and member of the Hong Kong Taxation Institute, a Certified Internal Auditor and member of the Institute of Internal Auditors, a Certified Information Systems Auditor and member of the ISACA. Mr. Lee holds a bachelor's degree in science from University of Warwick and a second bachelor's degree in Chinese Law from the Tsinghua University, Beijing. Mr. Lee is also the independent non-executive director of Suncorp Technologies Limited (Stock Code: 1063), Active Group Holdings Limited (Stock Code: 1096) and Dongwu Cement International Limited (Stock Code: 695), all of them are listed on the Main Board of the Stock Exchange. Mr. Lee has been appointed as an independent non-executive director, a member of audit committee and a member of remuneration committee on 28 January 2011 and a member of nomination committee of the Company on 29 March 2012. Mr. Lee also acts as the Chairman of the audit committee.

Mr. Zhang Guang Hui, aged 49, has over ten years of experience in strategic marketing, sales promotion and trading. He was the deputy general manager of Shenzhen City Jin Yuan Futures Corporation Limited during the period from October 2004 to December 2008. Mr. Zhang has been appointed as an independent non-executive director, a member of audit committee and remuneration committee on 19 June 2009 and a member of nomination committee on 29 March 2012.

Biographical Information of Directors and Chief Executive Officer

Chief Executive Officer

Mr. Zhao Bao Long, aged 49, was appointed as Chief Executive Officer of the Company on 11 April 2011. He has over 23 years of working experience in the mining sector in China and overseas. Mr. Zhao holds a Bachelor of Engineering degree in mining engineering from the Baotou Institute of Iron and Steel Technology, a Master of Science degree in mining engineering from Beijing University of Science and Technology and a Master of Science degree in environmental technology and management from the University of Waikato, New Zealand. Mr. Zhao is currently a member of Australia Institute of Mining and Metallurgy (MAusIMM). Mr. Zhao had worked as an independent mining consultant in Australia, and a researcher at the University of New South Wales, Australia in the fields of sustainable mining for a period of over 7 years. He had also worked as a mining engineering instructor at Baotou Institute of Iron and Steel Technology in the Inner Mongolia, the PRC. Mr. Zhao had held directorship and senior management positions in a number of renounced mining companies with mining projects and investments in Yunnan, Guangxi and Guizhou provinces – the Golden Triangle, and earlier in Yantai City of the PRC, involving in mining technology development, gold mining project development and operations, project financing and investment, as well as mine management including mine plan, mine scheduling, and environmental and safety management. He was an executive director of Grand T G Gold Holdings Limited (Stock Code: 8299), a company listed in the Growth Enterprises Market of the Stock Exchange during the period from 1 January 2009 to 17 July 2009. Mr. Zhao was also an executive director of the Company during the period from 13 April 2010 to 28 January 2011.

Corporate Governance Report

The board of directors (the "Directors") of the Company (the "Board") is committed to achieving and maintaining high standards of corporate governance to ensure that all decisions are made in good faith, in the best interest of shareholders and in long-term shareholders value.

CORPORATE GOVERNANCE PRACTICES

The corporate governance standards of the Company are built on the principles of independence, accountability, transparency and fairness. The Company has complied with the code provision set out in the Code of Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") which was in force prior to 1 January 2005. In view of the latest amendments to the Listing Rules and the CG Code, the Board has taken actions and measures to ensure that the Company is in all aspects in strict compliance.

In the opinion of the Board, the Company has complied with the code provisions save for deviations as set out below.

CG CODE PROVISION A.4.1

CG Code A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

All non-executive directors of the Company were not appointed for a specific term, but every director of the Company will be subject to retirement no later than the third annual general meeting after his election, under the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are not less exacting than those in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the full set of Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions (the "Model Code"). The prohibitions on securities dealing and disclosure requirements in the Model Code apply to specified individuals including the Group's senior management and also persons who are privy to price sensitive information of the Group.

Having made specific enquiry of all directors, the Board confirms that the Directors of the Company have complied with the Model Code regarding directors' securities transactions during the year and up to the date of publication of the Annual Report.

THE BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, oversee the Group's businesses and evaluate the performance of the Group. The Board also focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group.

The Board delegates day-to-day operations of the Group to Executive Directors and senior management, while reserving certain key matters for its approval. When the Board delegates aspects of its management and administration functions to Management, it has given clear directions as to the powers of the Management, in particular, with respect to the circumstances where Management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

The Directors of the Company were supplied with adequate and relevant information in a timely manner to enable them forming decision in the relevant meetings. Every Director is aware that he/she should give sufficient time and attention to the affairs of the Company. Agreed procedures are in place providing to the member of the Board and/or committee to seek independent professional advice at the Company's expenses to assist them to discharge their duties.

The Company's senior management regularly supplies the Board and its Committees with adequate information in a timely manner to enable them to make informed decisions. For Board meetings and the Board Committee meetings, the agenda accompanying with Board papers were sent to all directors at least 2 days before the intended date of the Board meetings or Board Committee meetings.

Board Composition

The Board currently consists of eleven directors as follows:

Executive Directors
Mr. Chen Jiasong *(Chairman)*
Mr. Cheung Wai Shing
Mr. Choy Kai Chung, Andy
Mr. Lau Kevin
Mr. Song Gaofeng
Ms. Ma Sai

Non-executive Director
Mr. Qiu Hai Jian

Independent Non-executive Directors
Mr. Chen Haoyun, Jordy (appointed on 28 December 2012)
Mr. Lee Kwong Yiu
Mr. Lee Ho Yiu, Thomas
Mr. Zhang Guang Hui

There is no financial, business, family or other material/relevant relationship among members of the Board and between the Chairman and the chief executive officer.

All Directors have different professional and relevant industry experiences and background so as to bring in valuable contributions and advices for the development of the Group's business. 4 out of 11 Directors are independent non-executive directors and one of them is qualified accountant. Biographical details of the Directors are set out in the section of "Biographical Informational of Directors and Chief Executive Officer" in this annual report.

At every annual general meeting, one-third of the Directors for the time being or, if their number is not three and a multiple of three, then the number nearest to but not exceeding one-third shall retire from office by rotation provided that every directors, including those appointed for a specific terms shall be subject to retirement by rotation at least once every three years. A retiring director shall be eligible for re-election. According to the Company's Bye-Law, all newly appointed directors will hold office until the next annual general meeting and shall be eligible for re-election.

Chairman and Chief Executive Officer

The Chairman of the Board and the Chief Executive Officer are currently two separates positions held by Mr. Chen Jiasong and Mr. Zhao Bao Long respectively with clear distinction in responsibilities. The Chairman of the Board provides leadership and is responsible for the effective functioning the Board in accordance with good corporate governance practice. With the support of senior management, the Chairman of the Board is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at board meetings.

The Chief Executive Officer is responsible for the management of the business of the Company, implementation of the policies, business objectives and plans set by the Board and is accountable to the Board for the overall operation of the Company.

Non-Executive Directors

All non-executive directors of the Company were not appointed for a specific term, but every director of the Company will be subject to retirement no later than the third annual general meeting after his election, under the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are not less exacting than those in the CG Code.

The Company has received written confirmation from each independent non-executive director of their independence to the Group. The Group considered all of independent non-executive directors meet the independence guidelines set out in Rules 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Board Meetings

The Board held 12 meetings in the fiscal year. Directors have been consulted to advice the agenda of the Board meeting. Sufficient notice of the Board meeting has been given to the directors.

Directors may attend meetings in person or via telephone, electronic or other communication facilities. Minutes of the Board and the Board Committees are recorded in sufficient details and kept by the company secretary for inspection at any reasonable time on reasonable notice by any directors.

The Board holds meetings on a regular basis and will meet on other occasions when a board-level decision on a particular matter is required. The Board also monitors and controls financial performance in pursuit of the Group's strategic objectives. The attendance of individual director at Board meetings held during the accounting period is set out below.

Name	Board	Audit Committee	Remuneration Committee
Total numbers of meetings held during the year ended 31 March 2012	12	2	2
Executives:			
Mr. Chen Jiasong	11/12	N/A	N/A
Mr. Cheung Wai Shing	11/12	N/A	N/A
Mr. Choy Kai Chung, Andy	9/12	N/A	N/A
Mr. Lau Kevin	9/12	N/A	N/A
Mr. Song Gaofeng	3/12	N/A	N/A
Ms. Ma Sai	2/12	N/A	N/A
Ms. Lam Pui Sea *(resigned on 10 October 2011)*	8/8	N/A	N/A
Non-Executives:			
Mr. Qiu Hai Jian	0/12	N/A	N/A
Independent Non-executives:			
Mr. Lee Kwong Yiu	4/12	2/2	1/1
Mr. Lee Ho Yiu, Thomas	6/12	2/2	1/1
Mr. Zhang Guang Hui	4/12	1/2	0/1

BOARD COMMITTEES

When the Board delegates aspects of its management and administration functions to management, it has given clear directions as to the powers of management, in particular, with respect to the circumstances where management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

The Company has set up three committees including Audit Committee, Nomination Committee and Remuneration Committee, each Committee with its specific terms of reference as set out in the CG Code.

Remuneration Committee

The Company has established a remuneration committee (the "RC") with written terms of reference in consistence with the CG Code. In alignment with the new CG Code requirements, the Board has approved and adopted the revised terms of reference and appointed new members of the RC on 29 March 2012. The written terms of reference are posted on the websites of the Company and the Stock Exchange.

The primary duties of the remuneration committee during the year ended 31 March 2012 include the following:

i. made recommendation to the Board on the Company's policy and structure for all remuneration of directors and senior management.

ii. determined the remuneration packages of executive directors and senior management, according to the major scope, responsibilities and duties, importance of position of the directors and the senior management as well as the remuneration level of the related position in the market, including benefit in kind, pension rights and compensation payments which include compensation payable for loss or termination of their office or appointment.

iii. reviewed and approved performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

iv. reviewed and approved the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not exercise for the Company.

v. ensured that no director or any of his associates shall be involved in any decisions as to their own remuneration.

vi. advised shareholders on how to vote with respect to any service contracts of directors that requires shareholders' approval under the Listing Rules.

The number of RC meeting held during the year and record of individual attendance of members, on a named basis, at meetings held during was set out in section headed "Board Meetings" above. No RC meeting has been held after 29 March 2012.

The emolument policy of the employees of the Group was set up by the Remuneration Committee on the basis of their merit, qualification and competence.

The emolument of the Directors and senior management of the Company are determined by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Remuneration Committee (Continued)

Further details on the emolument policy and the basis of determining the emolument payable to the Directors and senior management are set out in the pages 70 to 72 of this annual report.

The Group's shares option scheme as described on pages 24 and 25 of this annual report is adopted as the Group's long-term incentive scheme and it has been expired on 26 March 2012.

With effective from 29 March 2012, the RC consists of the following members:

Independent Non-executive Directors
Mr. Lee Kwong Yiu *(Chairman)*
Mr. Lee Ho Yiu, Thomas
Mr. Zhang Guang Hui

Executive Directors
Mr. Chen Jiasong
Mr. Cheung Wai Shing

Nomination Committee

The Company does not have a nomination committee before 29 March 2012, and the power to nominate or appoint additional directors is vested in the Board according to the Company's Bye-Laws, in addition to the power of the shareholders to nominate any person to become a director of the Company in accordance with the Company's Bye-Laws.

The Board from time to time considers replenishing the composition of the Board whenever the Company requires to meet the business demand, opportunities and challenges and to comply with the laws and regulations. The nomination procedures basically follow the Company's Bye-Laws which empowers the Board from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an additional to the Board. The directors will select and evaluate the balance of skills, qualification, knowledge and experience of the candidate to the directorship as may be required by the Company from time to time by such means as the Company may deems fit. The Directors shall consider the candidate from a wide range backgrounds, on his/her merits and against objective criteria set out by the Board and taking into consideration his/her time devoted to the position.

In order to comply with the new CG Code, with effect from 1 April 2012, a nomination committee (the "NC") was established by the Board on 29 March 2012. The NC is responsible for reviewing the structure, size and composition of the Board on a regular basis and identifying individuals suitably qualified to become board members. It is also responsible for accessing the independence of independent non-executive directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors.

As the NC was established in March 2012, no NC meeting was held during the year ended 31 March 2012. The written terms of reference are posted on the websites of the Company and the Stock Exchange.

With effective from 29 March 2012, the NC consists of the following members:

Independent Non-executive Directors
Mr. Lee Kwong Yiu
Mr. Lee Ho Yiu, Thomas
Mr. Zhang Guang Hui

Executive Directors
Mr. Chen Jiasong *(Chairman)*
Mr. Cheung Wai Shing

Audit Committee

The Company has established an audit committee ("AC") with written terms of reference in consistence with the CG Code. In alignment with the new CG Code requirements, the Board has approved and adopted the revised terms of reference of the AC on 29 March 2012. The written terms of reference are posted on the websites of the Company and the Stock Exchange.

The AC is responsible for review of the Group's financial information and oversight of the Group's financial reporting system and internal control procedure. The AC is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. In performing its duties, it has unrestricted access to personnel, records, external auditors and senior management.

For the year under review, the AC held 2 meetings included the review of the final results for the year ended 31 March 2011 and interim accounts for 30 September 2011. Details of the members' attendance was set out in section headed "Board Meetings" above. The Group's annual report for the year ended 31 March 2012 has been reviewed by the AC.

The AC currently consists of the following members. Mr. Lee Ho Yiu, Thomas is the certified public accountant for many years.

Independent Non-executive Directors
Mr. Lee Ho Yiu, Thomas *(Chairman)*
Mr. Lee Kwong Yiu
Mr. Zhang Guang Hui

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirement. The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2012.

A statement by the independent auditors of the Company about their reporting responsibilities is included in the Independent Auditor's Report on page 38 of this annual report. The details of the internal controls of the Company and the audit committee are set out under the section "Internal Control" and "Audit Committee".

Internal Control

The Board acknowledges its responsibility in maintaining sound and effective internal control system for the Group to safeguard investments of the shareholders and assets of the Company at all times. The system of internal control aims to help achieving the Group's business objectives, safeguarding assets and maintaining proper accounting records for provision of reliable financial information. However, the design of the system is to provide reasonable, but not absolute, assurance against material misstatement in the financial statements or loss of assets and to manage rather than eliminate risks of failure when business objectives are being sought.

In addition, a policy and procedure regarding the publication price sensitive information is established, setting out the guiding principles, procedures and internal controls for the handling and dissemination of price-sensitive information in a timely manner.

During the year under review, the Board has reviewed the internal control policy and concluded that in general, the Group's internal control system is effective and adequate, no material deficiencies have been identified.

AUDITOR'S REMUNERATION

For the financial year, SHINEWING (HK) CPA Limited is the auditor of the Company. Fee paid or payable to the auditor for audit service provided to the Group is approximately HK$766,000. The auditor's remuneration has been duly approved by the Audit Committee and there was no disagreement between the Board and the Audit Committee on the selection and appointment of the auditor. During the financial year, fee paid or payable to the auditor for non-audit services provided to the Group was approximately HK$1,119,000, most of which was related to the professional accountancy works for the Group's proposed acquisition.

COMMUNICATION WITH SHAREHOLDERS

Effective communication

The general meetings of the Company provide a forum for communication between the shareholders and the Board. The Chairman of the Board as well as chairman of the Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, other members of the respective committees, are available to answer questions at the shareholders' meetings.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with investors and analysis to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

Voting by poll

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at a general meeting must be taken by poll (except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.) The Chairman of the meeting will therefore demand a poll for all resolutions at the general meeting pursuant to Bye-law 70 of the Company's Bye-laws.

Poll results were published on the website of the Stock Exchange as well as the Company's website.

Independent Auditor's Report

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF ABC COMMUNICATIONS (HOLDINGS) LIMITED
佳訊(控股)有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of ABC Communications (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 91, which comprise the consolidated statement of financial position as at 31 March 2012, and the consolidated statement of 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 Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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 consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong
9 January 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Notes	2012 HK$	2011 HK$
Turnover	8	**115,025,514**	103,409,027
Cost of sales		**(86,631,716)**	(86,430,256)
Gross profit		**28,393,798**	16,978,771
Bank interest income		**89,621**	56,813
Liquidated damage for termination of acquisition	22	**–**	22,300,000
Gain on bargain purchase	33	**28,283,083**	–
Decrease in fair value of held for trading investments		**(3,723,300)**	–
Fair value losses on derivative financial assets	27	**(256,000)**	(19,015,589)
Fair value gains on derivative financial liabilities	27	**–**	1,419,623
Loss on redemption of promissory notes		**(266,000)**	–
Other gains	9	**329,624**	174,266
Selling and distribution costs		**(1,116,091)**	(1,472,648)
General and administrative expenses		**(30,343,884)**	(26,003,888)
Finance costs	10	**(2,229,844)**	(16,793,153)
Profit (loss) before tax	11	**19,161,007**	(22,355,805)
Income tax expense	14	**(2,139,436)**	–
Profit (loss) for the year		**17,021,571**	(22,355,805)
Other comprehensive income			
Exchange differences arising on translation and other comprehensive income for the year		**9,711,416**	23,957
Total comprehensive income (expense) for the year		**26,732,987**	(22,331,848)
Profit (loss) for the year attributable to:			
Owners of the Company		**12,554,422**	(23,143,675)
Non-controlling interests		**4,467,149**	787,870
		17,021,571	(22,355,805)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**18,802,142**	(23,119,718)
Non-controlling interests		**7,930,845**	787,870
		26,732,987	(22,331,848)
Earnings (losses) per share			
Basic and diluted	15	**1.98 cents**	(4.56) cents

Consolidated Statement of Financial Position

For the year ended 31 March 2012

	Notes	2012 HK$	2011 HK$
Non-current assets			
Property, plant and equipment	16	**54,796,160**	1,090,906
Prepaid lease payments	17	**1,714,596**	–
Intangible assets	18	**314,753,126**	–
Prepayments for exploration and evaluation activities	19	**11,650,115**	–
Deposits paid for acquisition of property, plant and equipment		**–**	654,531
		382,913,997	1,745,437
Current assets			
Trade receivables	20	**20,745,040**	7,943,012
Other receivables, deposits and prepayments	21	**4,676,855**	24,917,515
Deposit paid for acquisition of subsidiaries	22	**30,000,000**	130,000,000
Derivative financial assets	27	**15,000**	109,000
Held for trading investment	23	**8,274,000**	–
Bank balances and cash	24	**31,322,480**	29,069,220
		95,033,375	192,038,747
Current liabilities			
Trade and other payables	25	**19,944,385**	15,121,205
Advance subscriptions and licence fees received		**2,559,465**	3,314,960
Amount due to a substantial shareholder	26	**20,182,385**	28,182,385
Amounts due to directors	26	**9,790,330**	2,482,170
Amount due to non-controlling interest of a subsidiary	26	**4,499,181**	–
Convertible bonds	27	**21,692,000**	14,849,539
Promissory notes	28	**15,404,065**	–
Tax payable		**2,158,488**	–
		96,230,299	63,950,259
Net current (liabilities) assets		**(1,196,924)**	128,088,488
Total assets less current liabilities		**381,717,073**	129,833,925
Non-current liabilities			
Provision for reinstatement costs	29	**778,239**	–
Deferred tax liabilities	30	**75,387,332**	–
		76,165,571	–
Net assets		**305,551,502**	129,833,925
Capital and reserves			
Share capital	31	**6,406,432**	5,675,360
Reserves		**176,077,992**	113,169,330
Equity attributable to owners of the Company		**182,484,424**	118,844,690
Non-controlling interests		**123,067,078**	10,989,235
Total equity		**305,551,502**	129,833,925

The consolidated financial statements on pages 40 to 91 were approved and authorised for issue by the board of directors on 9 January 2013 and are signed on its behalf by:

Chen Jiasong
Director

Cheung Wai Shing
Director

Consolidated Statement of Changes in Equity
For the year ended 31 March 2012

	Attributable to owners of the Company								
	Share capital HK$	Share premium HK$	Capital redemption reserve HK$	Convertible bonds reserve HK$	Exchange reserve HK$	Retained earnings (accumulated losses) HK$	Sub-total HK$	Non-controlling interests HK$	Total HK$
At 1 April 2010	4,775,360	16,967,523	176,000	18,714,409	–	334,875	40,968,167	10,201,365	51,169,532
(Loss) profit for the year	–	–	–	–	–	(23,143,675)	(23,143,675)	787,870	(22,355,805)
Exchange differences arising on translation	–	–	–	–	23,957	–	23,957	–	23,957
Total comprehensive income (expense) for the year	–	–	–	–	23,957	(23,143,675)	(23,119,718)	787,870	(22,331,848)
Recognition of equity component of convertible bonds	–	–	–	2,767,209	–	–	2,767,209	–	2,767,209
Issue of shares on placing of shares	160,000	21,920,000	–	–	–	–	22,080,000	–	22,080,000
Transaction costs attributable to placing of shares	–	(355,276)	–	–	–	–	(355,276)	–	(355,276)
Issue of shares on conversion of convertible bonds	740,000	75,764,308	–	(5,405,807)	–	5,405,807	76,504,308	–	76,504,308
Redemption of convertible bonds	–	–	–	(15,515,365)	–	15,515,365	–	–	–
At 31 March 2011 and 1 April 2011	5,675,360	114,296,555	176,000	560,446	23,957	(1,887,628)	118,844,690	10,989,235	129,833,925
Profit for the year	–	–	–	–	–	12,554,422	12,554,422	4,467,149	17,021,571
Exchange differences arising on translation	–	–	–	–	6,247,720	–	6,247,720	3,463,696	9,711,416
Total comprehensive income for the year	–	–	–	–	6,247,720	12,554,422	18,802,142	7,930,845	26,732,987
Recognition of equity component of convertible bonds	–	–	–	169,000	–	–	169,000	–	169,000
Reclassification on maturity of convertible bonds	–	–	–	(560,446)	–	560,446	–	–	–
Acquisition of subsidiaries	–	–	–	–	–	–	–	104,146,998	104,146,998
Issue of shares on placing of shares	731,072	46,057,536	–	–	–	–	46,788,608	–	46,788,608
Transaction costs attributable to placing of shares	–	(2,120,016)	–	–	–	–	(2,120,016)	–	(2,120,016)
At 31 March 2012	6,406,432	158,234,075	176,000	169,000	6,271,677	11,227,240	182,484,424	123,067,078	305,551,502

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Note	2012 HK$	2011 HK$
OPERATING ACTIVITIES			
Profit (loss) before tax		**19,161,007**	(22,355,805)
Adjustments for:			
Depreciation of property, plant and equipment		**2,113,639**	1,235,346
Fair value losses on derivative financial assets		**256,000**	19,015,589
Fair value gains on derivative financial liabilities		**–**	(1,419,623)
Gain on bargain purchase		**(28,283,083)**	–
Loss on redemption of promissory notes		**266,000**	–
Decrease in fair value of held for trading investments		**3,723,300**	–
Finance costs		**2,229,844**	16,793,153
Liquidated damages for termination of acquisition		**–**	(22,300,000)
Bank interest income		**(89,621)**	(56,813)
Operating cash flows before movements in working capital		**(622,914)**	(9,088,153)
(Increase) decrease in trade receivables		**(12,802,028)**	599,514
Decrease in other receivables, deposits and prepayments		**2,324,476**	24,821
(Decrease) increase in trade and other payables		**(6,594,845)**	301,125
(Decrease) increase in advance subscriptions and licence fees received		**(755,495)**	48,262
NET CASH USED IN OPERATIONS		**(18,450,806)**	(8,114,431)
INVESTING ACTIVITIES			
Refund of deposit paid for acquisition of subsidiaries		**130,000,000**	–
Liquidated damage received		**20,311,394**	–
Interest received		**89,621**	56,813
Deposits paid for acquisition of property, plant and equipment		**–**	(654,531)
Increase in prepayments for exploration and evaluation activities		**(11,650,115)**	–
Purchases of held for trading investments		**(11,997,300)**	–
Deposits paid for acquisition of subsidiaries		**(30,000,000)**	–
Net cash outflow from acquisition of subsidiaries	33	**(37,840,008)**	–
Purchases of property, plant and equipment		**(42,150,865)**	(724,811)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**16,762,727**	(1,322,529)
FINANCING ACTIVITIES			
Proceeds from placing of shares		**46,788,608**	22,080,000
Advances from directors		**7,308,160**	1,482,170
Proceeds on issue of convertible bonds		**–**	75,050,000
Advance from non-controlling interest of a subsidiary		**123,530**	–
(Repayment to) advance from a substantial shareholder		**(8,000,000)**	27,573,984
Interest paid		**(608,318)**	–
Expenses paid for placing of shares		**(2,120,016)**	(355,276)
Repayment of promissory notes		**(40,000,000)**	–
Convertible bonds issue expenses paid		**–**	(1,976,250)
Redemption of convertible bonds		**–**	(117,370,000)
NET CASH FROM FINANCING ACTIVITIES		**3,491,964**	6,484,628
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,803,885**	(2,952,332)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**29,069,220**	31,997,595
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**449,375**	23,957
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**31,322,480**	29,069,220

1. GENERAL INFORMATION

ABC Communications (Holdings) Limited (the "Company") is an investment holding company. The Company's subsidiaries (together with the Company collectively referred to as the "Group") are principally engaged in providing financial quotation services, wireless applications development, securities trading system licensing and mining operations.

The Company is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business at the date of these financial statements is Room 2709-10, 27/F, China Resources Building, No.26 Harbour Road, Wanchai, Hong Kong.

As at 31 March 2012, the Company did not have a parent.

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

2. BASIS OF PREPARATION

As at 31 March 2012, the Group had net current liabilities of HK$1,196,924. In the opinion of the directors of the Company, the Group is able to operate as a going concern in the coming year after taking into consideration the results of the fund raising activities conducted subsequent to the end of the reporting period which raised net proceeds of approximately HK$128,800,000 in aggregate.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendments to HKFRS 1	Limited Exception from Comparative HKFRS 7 Disclosure for First-time Adopters
Amendments to HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC*) – Interpretation ("Int") 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

* IFRIC represents International Financial Reporting Interpretation 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 the consolidated financial statements.

Amendments to HKFRS 3 – Business Combinations (as part of Improvements to HKFRSs issued in 2010)

As part of Improvements to HKFRSs issued in 2010, HKFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other standards.

Such amendments to HKFRS 3 have been applied in the current year and had no effect on the consolidated financial statements of the Group for the current year.

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

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 (as part of improvements to HKFRSs issued in 2010) clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the consolidated statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in the consolidated financial statements have been modified to reflect the change.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvement 2009-2011 Cycle[4]
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
	Government Loans[4]
Amendments to HKFRS 7	Disclosures – Transfer of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangement[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS12	Consolidated Financial statement, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2012.
[3] Effective for annual periods beginning on or after 1 July 2012.
[4] Effective for annual periods beginning on or after 1 January 2013.
[5] Effective for annual periods beginning on or after 1 January 2014.
[6] Effective for annual periods beginning on or after 1 January 2015.

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors of the Company anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

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

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

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

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

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires 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.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

New and revised Standards on consolidation and disclosures

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

Key requirements of the above standards are described below.

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 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

The above standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of the above standards are applied early at the same time.

The directors of the Company anticipate that the above standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The application of the above standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated.

The directors of the Company have not yet performed a detailed analysis of the impact of the application of the above standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

3. 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 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

HK(IFRIC) - Int 20 Stripping Costs in the Production Phase of a Surface Mine

HK(IFRIC) - Int 20 *Stripping Costs in the Production Phase of a Surface Mine* applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). Under the Interpretation, the costs from this waste removal activity ("stripping") which provide improved access to ore is recognised as a non-current asset ("stripping activity asset") when certain criteria are met, whereas the costs of normal ongoing operational stripping activities are accounted for in accordance with HKAS 2 *Inventories*. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

HK(IFRIC) - Int 20 is effective for annual periods beginning on or after 1 April 2013 with transitional provisions. The directors of the Company anticipate that the Interpretation will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The directors of the Company anticipate that the application of HK(IFRIC) – Int 20 will have effect on the recognition of stripping activity assets in the future. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary 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.

Business combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except for deferred tax assets and liabilities which are recognised and measured in accordance with HKAS 12 *Income Taxes*.

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 re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (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 Standard.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

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

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Financial quotation subscription fee income is recognised on a straight-line basis over the subscription period.

Revenue from securities trading system licensing and wireless applications is recognised when services are rendered.

Deposits and instalments received from customers prior to meeting the above criteria on revenue recognition are included in the consolidated statement of financial position under current liabilities.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income 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.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Property, plant and equipment

Property, plant and equipment including land and building held for use in the production or supply of goods or services, or for administrative purpose, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment loss, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease term.

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.

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 exchanges 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.

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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

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 that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of exchange reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefits costs

Payments to the state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary difference. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary difference 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 taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that will be sufficient taxable profits against which to utilise of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the 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 rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from gain on bargain purchase and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Mining right and reserves

Mining right and reserves are stated at cost less accumulated amortisation and any impairment losses. Mining right and reserves include the cost of acquiring mining licences and exploration and evaluation costs transferred from exploration rights upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining right and reserves are amortised over the estimated useful lives, in accordance with the production plans of the entities concerned and the proven and probable mineral reserves of the mines using the Units of Production ("UOP") method. Mining right and reserves are written off to the consolidated statement of comprehensive income if the mining property is abandoned.

Exploration rights

Exploration rights are stated at cost less impairment losses. Exploration rights include the cost of acquiring exploration rights, topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies.

Exploration and evaluation costs include expenditure incurred to secure further mineralisation in existing ore bodies as well as in new areas of interest. Expenditure incurred prior to accruing legal rights to explore an area is written off as incurred.

When it can be reasonably ascertained that an exploration property is capable of commercial production, exploration and evaluation costs capitalised are transferred to either mining infrastructure or mining right and reserves and depreciated/amortised by the UOP method based on the proven and probable mineral reserves. Costs incurred for exploration which can be directly attributable to the development of mining infrastructure are transferred to mining infrastructure when the exploration reaches the stage of commercial production. All other costs will be transferred to mining right and reserves. Exploration rights are written off to the consolidated income statement if the exploration property is abandoned.

Financial instruments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified into one of the two categories, including financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset 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 paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, 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 other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables and deposits, deposit paid for acquisition of subsidiaries and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets

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

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach in contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- Disappearance of an active market for that 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 due, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other 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 and other 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 the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit and 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

Financial liabilities 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

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 instruments issued by the Group are recorded at the proceeds received, net of direct issue 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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognistion.

Interest expense is recognised on an effective interest basis.

Financial liabilities at FVTPL

A financial liability may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to a substantial shareholder, directors and non-controlling interest of a subsidiary, convertible bonds and promissory notes are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

Convertible bonds issued by the Group that contain liability, conversion option and early redemption option are classified separately into respective items on initial recognition 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 classified as an equity instrument. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. At the date of issue, both the liability and early redemption option components are measured at fair value. The difference between the gross proceeds of the issue of the convertible bonds and the fair values assigned to the liability and early redemption option components respectively, representing the conversion option for the holders to convert the bonds into equity, is included in equity (convertible bonds reserves).

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method.

The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded conversion option is exercised (in which case the balance stated in convertible bonds reserve will be transferred to retained earnings). Where the conversion option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Equity instruments (Continued)

Convertible bonds (Continued)

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability, equity and early redemption option components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

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

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

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

Provision

Provisions are recognised when the Group has a present obligation as a result of a past event, and 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. Where 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).

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Where 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. Where 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on tangible and intangible assets (Continued)

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or 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 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.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are 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 judgement in applying the entity's accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

Going concern and liquidity

The consolidated financial position of the Group indicates the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern. The assessment of the going concern assumptions involves making judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. As explained in note 2, the directors of the Company consider that the Group has ability to continue as a going concern.

Key sources of estimation uncertainty

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

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual value. The Group assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimates, such differences from the original estimates will affect the depreciation charges in the year in which the estimates change. As at the year ended 31 March 2012, the carrying amount of the Group's property, plant and equipment was HK$54,796,160 (2011: HK$1,090,906) (note 16).

Fair value of derivatives financial instruments

The management of the Group uses their judgements in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivatives financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instruments. If the inputs and estimates applied in the model are different, the carrying amount of these derivatives may change.

Impairment of mining assets and property, plant and equipment

The carrying value of mining assets and property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount of these assets, or, where appropriate, the cash-generating unit to which they belong, is the higher of their fair value less costs to sell and value in use. Estimating the value in use requires the Group to estimate the expected future cash flows from the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying values of mining assets and property, plant and equipment at 31 March 2012 were HK$311,296,757 (2011: nil) and HK$54,796,160 (2011: HK$1,090,906) respectively.

The Group assesses annually the useful lives of the intangible assets and if the expectation differs from the original estimate, such a difference will impact the depreciation and amortisation in the year and the estimate will be changed in the future period.

Impairment of exploration rights

The carrying values of exploration rights are assessed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Such assessment is made with reference to the likelihood of such rights not being renewed on expiry, the likelihood that commercially viable quantities of mineral resources are not discovered and the likelihood that carrying amounts cannot be recovered through further development or sales. The carrying amount of the Group's exploration rights at 31 March 2012 was HK$3,456,369 (2011: nil).

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Mining reserves

Engineering estimates of the Group's mining reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mining reserves can be designated as "proven" and "probable". Proven and probable mining reserves estimates are updated on regular intervals taking into account recent production and technical information about each mine. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand and commodity prices. In addition, as prices and cost levels change from year to year, the estimate of proven and probable mining reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related amortisation rates and impairment of mining right.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expenses and impairment losses. The capitalised cost of mining right is depreciated over the estimated useful lives. The useful lives are reviewed annually in accordance with the production plans of the Group and the proven and probable reserves of the mines.

Provision for reinstatement costs

Provision for reinstatement costs is estimated and reassessed at the end of each reporting period with reference to the latest available quotation from independent contractors. Estimation based on current market information may vary over time and could differ from the actual reinstatement cost upon full extraction of the mining reserves by the Group.

6. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which included the amounts due to a substantial shareholder, directors and non-controlling interest of a subsidiary, convertible bonds, promissory notes, bank balances and cash, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Group structures its capital with due consideration to risk. The Group manages and adjusts its capital structure in the light of the changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may repurchase shares of the Company, issue new shares, or increase or reduce borrowings.

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2012 HK$	2011 HK$
Financial assets		
FVTPL:		
Derivative financial assets	**15,000**	109,000
Held for trading investment	**8,274,000**	–
	8,289,000	109,000
Loans and receivables (including cash and cash equivalents)	**86,020,576**	191,169,606
Financial liabilities		
Other financial liabilities at amortised cost	**91,512,346**	60,635,299

(b) Financial risk management objectives and policies

The Group's investment policy is to prudently invest all funds of the Group in a manner which will satisfy liquidity requirements, safeguard financial assets, and manage risks while optimising return on investments.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these risks to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Foreign exchange risk

All sales and purchases of the Group are denominated in functional currency of the respective entities making the sales and purchases. Accordingly, the directors of the Company considered that the Group is not exposed to material transactional foreign currency risk. The Group currently does not have a foreign currency hedging policy. The Group will monitor foreign exchange exposure and consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's significant foreign currency denominated monetary assets held by entities with functional currency being HK$ at the end of the reporting period are as follows:

	Assets	
	2012 HK$	2011 HK$
Renminbi ("RMB")	**10,131,997**	10,674,695

7. FINANCIAL INSTRUMENTS (CONTINUED)

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

Sensitivity analysis

The Group is mainly exposed to the currency of RMB.

For a 5% (2011: 5%) strengthening/weakening of RMB against HK$, the Group's post-tax profit (2011: loss) for the year will be increased/decreased (2011: decreased/increased) by HK$506,000 (2011: HK$533,735). 5% (2011: 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 only outstanding foreign currency denominated monetary items, and adjusts their translation at the year end for a 5% (2011: 5%) change in foreign currency rates.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the fixed-rate convertible bonds and promissory notes issued by the Group. The Group currently does not have any interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to the cash flow interest rate risk in relation to variable-rate bank balances (see note 24 for details). The Group's exposure to interest rate risk is minimal as the bank balances have a short maturity period.

(iii) Other price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If the price of the equity investments had been 5% higher/lower, the post-tax profit for the year ended 31 March 2012 would increase/decrease by HK$413,700 as a result of the changes in fair value of held for trading investment.

Credit risk

As at 31 March 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has policies in place to ensure that services are made to customers with appropriate credit history. In addition, the Group reviews the recoverable amount of each individual receivable balance at the end of each reporting period 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.

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

The Group has concentration of credit risk as 72% (2011: 62%) and 91% (2011: 75%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The Group's concentration of credit risk by geographical locations is mainly in the PRC (2011: Hong Kong), which accounted for 72% (2011: 100%) of the total trade receivables as at 31 March 2012.

7. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group is exposed to liquidity risk as the Group had net current liabilities of approximately HK$1,196,924 as at 31 March 2012. The liquidity of the Group primarily depends on the future funding being available and the ability of the Group to meet its financial obligations as they fall due. Details are set out in note 2.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	On demand or less than one year HK$	Total undiscounted cash flows HK$	Carrying amount HK$
As at 31 March 2012			
Trade and other payables	**19,944,385**	**19,944,385**	**19,944,385**
Amount due to a substantial shareholder	**20,182,385**	**20,182,385**	**20,182,385**
Amounts due to directors	**9,790,330**	**9,790,330**	**9,790,330**
Amount due to non-controlling interest	**4,499,181**	**4,499,181**	**4,499,181**
Convertible bonds	**21,840,000**	**21,840,000**	**21,692,000**
Promissory notes	**15,656,000**	**15,656,000**	**15,404,065**
	91,912,281	**91,912,281**	**91,512,346**
As at 31 March 2011			
Trade and other payables	15,121,205	15,121,205	15,121,205
Amount due to a substantial shareholder	28,182,385	28,182,385	28,182,385
Amount due to a directors	2,482,170	2,482,170	2,482,170
Convertible bonds	15,808,000	15,808,000	14,849,539
	61,593,760	61,593,760	60,635,299

7. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value

The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The fair values of derivative instruments are estimated using Black-Scholes option pricing model, as set out in note 27.

The fair value of held for trading investment with standard term and condition and traded in active liquid market is determined with reference to quoted market bid price.

The directors of the Company consider that the fair values of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to the corresponding carrying amounts due to their short-term maturities.

Fair value measurement recognised in the consolidated statement of financial position
The measurements of fair value of financial instruments subsequent to initial recognition are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

The fair values of the Group's derivative financial assets of HK$15,000 (2011: HK$109,000) as at 31 March 2012 fall within Level 2 (2011: Level 2) fair value measurement.

The fair values of the Group's hold for trading investment of HK$8,274,000 (2011: Nil) as at 31 March 2012 fall within Level 1 fair value measurement.

Significant assumption used in determining fair value of financial assets and liabilities
Convertible bonds
The fair values of the derivative financial assets designated at FVTPL is determined assuming whenever it is optimum to exercise the Company's redemption option as disclosed in note 27.

8. TURNOVER AND SEGMENT INFORMATION

The Group's operating segments are determined based on the information reported to the chief operating decision maker, being the Board of Directors, for making strategic decisions and allocating resources.

The segments are managed separately as each business offers different products/service which requires different products/service information to formulate different business strategies. Specifically, the Group's reportable and operating segments under HKFRS 8 are financial quotation and securities trading system licensing and mining operations as follows:

(i) Financial quotation and securities trading system licensing segment engages in the provision of financial quotation services, wireless applications development and licensing of securities trading system.

(ii) Mining operations segment engages in the extraction, exploration and sale of mineral products.

The Group's mining operation segment was introduced in the current year as a result of the acquisition of Jun Qiao Limited as set out in note 33.

Segment revenues and results

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

For the year ended 31 March 2012

	Financial quotation and securities trading system licensing HK$	Mining operations HK$	Total HK$
Turnover	**82,425,195**	**32,600,319**	**115,025,514**
Contribution to segment profit	**2,818,568**	**8,413,286**	**11,231,854**
Gain on bargain purchase	**–**	**28,283,083**	**28,283,083**
Segment profit	**2,818,568**	**36,696,369**	**39,514,837**
Unallocated corporate income and gains			**330,480**
Unallocated corporate expenses and losses			**(18,454,566)**
Finance costs			**(2,229,844)**
Profit before tax			**19,161,007**

For the year ended 31 March 2011

	Financial quotation and securities trading system licensing HK$	Mining operations HK$	Total HK$
Turnover	103,409,027	–	103,409,027
Segment profit	1,584,410	–	1,584,410
Unallocated corporate income and gains			23,894,700
Unallocated corporate expenses and losses			(31,041,762)
Finance costs			(16,793,153)
Loss before tax			(22,355,805)

8. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by each segment without allocation of directors' salaries, certain interest income, certain other gains (losses), certain administrative expenses and finance costs. This is the measure reported to the Board of Directors for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	2012 HK$	2011 HK$
Segment assets		
Financial quotation and securities trading system licensing	**37,865,840**	38,704,474
Mining operations	**396,806,234**	–
Unallocated corporate assets	**43,275,298**	155,079,710
Consolidated total assets	**477,947,372**	193,784,184

	2012 HK$	2011 HK$
Segment liabilities		
Financial quotation and securities trading system licensing	**12,712,605**	16,277,463
Mining operations	**88,954,715**	–
Unallocated corporate liabilities	**70,728,550**	47,672,796
Consolidated total liabilities	**172,395,870**	63,950,259

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

- all assets are allocated to operating segments other than certain other receivables and prepayments, deposits paid for acquisition of subsidiaries, derivative financial assets, held for trading investments and certain bank balances and cash which are managed on a group basis.

- all liabilities are allocated to operating segments other than certain other payables, amounts due to a substantial shareholder and directors, derivative financial liabilities, convertible bonds and promissory notes which are managed on a group basis.

8. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Other segment information

	Financial quotation and securities trading system licensing HK$	Mining operations HK$	Unallocated HK$	Total HK$
2012				
Amounts included in the measure of segment results or segment assets:				
Depreciation of property, plant and equipment	**594,736**	**1,184,150**	**334,753**	**2,113,639**
Gain on bargain purchase	**–**	**(28,283,083)**	**–**	**(28,283,083)**
Additions to non-current assets*	**504,108**	**371,631,879**	**1,227,370**	**373,363,357**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:				
Fair value losses on derivative financial assets	**–**	**–**	**256,000**	**256,000**
Loss on redemption of promissory notes	**–**	**–**	**266,000**	**266,000**
Decrease in fair value of held for trading investments	**–**	**–**	**3,723,300**	**3,723,300**
Interest income	**(88,765)**	**–**	**(856)**	**(89,621)**
Finance costs	**–**	**–**	**2,229,844**	**2,229,844**
Income tax expense	**–**	**2,139,436**	**–**	**2,139,436**
2011				
Amounts included in the measure of segment results or segment assets:				
Depreciation of property, plant and equipment	1,145,056	–	90,290	1,235,346
Additions to non-current assets	279,622	–	445,189	724,811
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:				
Fair value losses on derivative financial assets	–	–	19,015,589	19,015,589
Fair value gains on derivative financial liabilities	–	–	(1,419,623)	(1,419,623)
Interest income	(56,002)	–	(811)	(56,813)
Finance costs	–	–	16,793,153	16,793,153
Liquidated damages for termination of acquisition	–	–	(22,300,000)	(22,300,000)

* Including additions through acquisition of subsidiaries of HK$317,899,396 (note 33).

8. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Revenue from major product and services

The following is an analysis of the Group's revenue from its major products and services:

	2012 HK$	2011 HK$
Revenue from financial quotation and securities trading system licensing services	**81,906,106**	103,098,657
Revenue from wireless applications	**519,089**	310,370
Mining operations	**32,600,319**	–
	115,025,514	103,409,027

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC").

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

The following tables present the Group's revenue and information about its non-current assets by geographical location.

	Hong Kong		PRC (excluding Hong Kong)		Total	
	2012 HK$	2011 HK$	2012 HK$	2011 HK$	2012 HK$	2011 HK$
For the year ended 31 March						
Segment revenue	**82,425,195**	103,409,027	**32,600,319**	–	**115,025,514**	103,409,027
As at 31 March						
Non-current assets	**1,946,421**	1,328,851	**380,967,576**	416,586	**382,913,997**	1,745,437

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total sales of the Group are as follows:

	2012 HK$	2011 HK$
Customer A[1]	**46,862,341**	63,700,667
Customer B[2]	**32,600,319**	–

[1] Revenue from financial quotation and securities trading system licensing services

[2] Revenue from mining operations

9. OTHER GAINS

	2012 HK$	2011 HK$
Exchange gains, net	**329,624**	174,266

10. FINANCE COSTS

	2012 HK$	2011 HK$
Imputed interest expenses on convertible bonds	**2,025,779**	16,793,153
Interest on promissory notes wholly repayable within 5 years	**204,065**	–
	2,229,844	16,793,153

11. PROFIT (LOSS) BEFORE TAX

Profit (loss) before tax has been arrived at after charging (crediting):

	2012 HK$	2011 HK$
Depreciation of property, plant and equipment	**2,113,639**	1,235,346
Auditor's remuneration	**766,000**	472,000
Employee benefit expenses (note 12)	**16,771,936**	15,558,750
Minimum lease payments under operating leases in respect of land and buildings	**3,323,051**	2,949,154

12. EMPLOYEE BENEFIT EXPENSES

	2012 HK$	2011 HK$
Wages, salaries and other benefits (including directors' remunerations)	**16,357,707**	15,167,370
Retirement benefit costs (including directors' remunerations) – defined contribution scheme (note a)	**414,229**	391,380
	16,771,936	15,558,750

(a) Retirement benefit costs – defined contribution schemes

No forfeited contribution was available at the end of the reporting period to reduce future contributions (2011: nil).

12. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Directors' and senior executives' emoluments

The remuneration of every director for the year ended 31 March 2012 is set out below:

Name of director	Fees HK$	Salary HK$	Employer's contribution to provident fund HK$	Total HK$
Executive directors				
Chen Jiasong	694,196	63,130	9,600	766,926
Cheung Wai Shing	540,000	92,000	12,000	644,000
Choy Kai Chung, Andy	120,000	–	–	120,000
Lau Kevin	240,000	–	–	240,000
Song Gao Feng	60,000	–	–	60,000
Ma Sai	120,000	–	–	120,000
Lam Pui Sea (resigned on 10 October 2011)	186,000	–	6,000	192,000
	1,960,196	155,130	27,600	2,142,926
Non-executive director				
Qiu Hai Jian	60,000	–	–	60,000
Independent non-executive directors				
Lee Kwong Yiu	120,000	–	–	120,000
Zhang Guang Hui	120,000	–	–	120,000
Lee Ho Yiu, Thomas	120,000	–	–	120,000
	360,000	–	–	360,000
TOTAL	2,380,196	155,130	27,600	2,562,926

12. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Directors' and senior executives' emoluments (Continued)

The remuneration of every director for the year ended 31 March 2011 is set out below:

Name of director	Fees	Salary	Employer's contribution to provident fund	Total
	HK$	HK$	HK$	HK$
Executive directors				
Zhao Bao Long (appointed on 13 April 2010 and Resigned on 28 January 2011)	300,000	–	–	300,000
Chen Jiasong	658,364	–	929	659,293
Cheung Wai Shing	–	598,000	12,000	610,000
Wang Zhi Gang (resigned on 28 January 2011)	300,000	–	–	300,000
Dr. Lew Mon Hung (resigned on 23 August 2010)	–	542,000	–	542,000
Choy Kai Chung, Andy (appointed on 9 December 2010)	37,419	–	–	37,419
Lau Kevin (appointed on 9 December 2010)	74,839	–	–	74,839
Lam Pui Sea (appointed on 28 January 2011, and resigned on 10 October 2011)	–	93,935	3,000	96,935
Song Gao Feng (appointed on 28 January 2011)	10,645	–	–	10,645
Ma Sai (appointed on 28 January 2011)	21,290	–	–	21,290
	1,402,557	1,233,935	15,929	2,652,421
Non-executive directors				
Hou Hui Min (appointed on 13 April 2010 and resigned on 28 January 2011)	300,000	–	–	300,000
Qiu Hai Jian (appointed on 28 January 2011)	10,645	–	–	10,645
	310,645	–	–	310,645

12. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Directors' and senior executives' emoluments (Continued)

The remuneration of every director for the year ended 31 March 2011 is set out below:

Name of director	Fees HK$	Salary HK$	Employer's contribution to provident fund HK$	Total HK$
Independent non-executive directors				
Tsang Kwok Wai (resigned on 28 January 2011)	100,000	–	–	100,000
Lee Kwong Yiu	120,000	–	–	120,000
Zhang Guang Hui	120,000	–	–	120,000
Lee Ho Yiu, Thomas (appointed on 28 January 2011)	21,290	–	–	21,290
	361,290	–	–	361,290
TOTAL	2,074,492	1,233,935	15,929	3,324,356

No emoluments were paid by the Group to any directors or senior executives of the Group as an inducement to join or upon joining the Group, or as compensation for loss of office for two years ended 31 March 2012 and 2011.

No director or senior executives waived or agreed to waive his emoluments in the two years ended 31 March 2012 and 2011.

(c) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2011: two) were directors of the Company whose emoluments are disclosed in note (b) above. The emoluments of the remaining three (2011: three) individuals were as follows:

	2012 HK$	2011 HK$
Basic salaries, housing allowances, other allowances and benefits in kind	**1,895,772**	2,104,400
Contributions to retirement schemes	**36,000**	36,000
	1,931,772	2,140,400

The emoluments fell within the following band:

	Number of individuals	
	2012	2011
Nil - HK$1,000,000	**3**	3

13. DIVIDEND

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of the reporting period (2011: nil).

14. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made in both years as the assessable profits are offset by allowable tax losses brought forward.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries registered in the PRC is 25 % from 1 January 2008 onwards.

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2012 **HK$**	2011 HK$
Current:		
PRC Enterprise Income Tax	**2,139,436**	–

The tax expense for the year can be reconciled to the profit (loss) before tax per the consolidated statement of comprehensive income as follow:

	2012 **HK$**	2011 HK$
Profit (loss) before tax	**19,161,007**	(22,355,805)
Calculated at the rates applicable to profit (loss) in the tax jurisdictions concerned	**3,689,580**	(3,688,708)
Tax effect of income not taxable for tax purpose	**(4,786,979)**	(3,951,523)
Tax effect of expenses not deductible for tax purpose	**3,723,261**	7,896,391
Utilisation of tax losses previously not recognised	**(486,426)**	(256,160)
Income tax expense	**2,139,436**	–

Details of deferred tax are set out in note 30.

15. EARNINGS (LOSSES) PER SHARE

The calculation of basic and diluted earnings (losses) per share attributable to owners of the Company is based on the following data:

	2012 **HK$**	2011 HK$
Profit (loss) for the year attributable to owners of the Company	**12,554,422**	(23,143,675)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (losses) per share	**633,851,821**	507,399,014

The computation of diluted earnings per share for the year ended 31 March 2012 does not assume the conversion of the Group's outstanding convertible bonds since their exercise would result in an increase in earnings per share.

The computation of diluted losses per share for the year ended 31 March 2011 does not assume the conversion of the Group's outstanding convertible bonds since their exercise would result in a decrease in losses per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Mining Structures HK$	Plant and machinery HK$	Leasehold improvements HK$	Computer equipment HK$	Furniture and fixtures HK$	Total HK$
COST						
At 1 April 2010	–	–	478,605	11,784,895	446,007	12,709,507
Additions	–	–	342,651	321,075	61,085	724,811
Written off	–	–	–	(113,863)	–	(113,863)
At 31 March 2011 and 1 April 2011	–	–	821,256	11,992,107	507,092	13,320,455
Additions	29,355,255	11,388,489	1,227,370	515,074	319,758	42,805,396
Acquisition of subsidiaries (note 33)	8,422,986	2,714,737	–	–	–	11,137,723
Exchange realignment	1,350,796	530,256	12,746	4,636	2,591	1,901,575
At 31 March 2012	**39,129,037**	**14,633,482**	**2,061,372**	**12,511,817**	**829,441**	**69,165,149**
ACCUMULATED DEPRECIATION						
At 1 April 2010	–	–	225,607	10,465,796	416,663	11,108,066
Provided for the year	–	–	226,162	977,019	32,165	1,235,346
Eliminated on written off	–	–	–	(113,863)	–	(113,863)
At 31 March 2011 and 1 April 2011	–	–	451,769	11,328,952	448,828	12,229,549
Provided for the year	246,672	936,579	312,213	506,881	111,294	2,113,639
Exchange realignment	4,925	14,404	4,140	1,572	760	25,801
At 31 March 2012	**251,597**	**950,983**	**768,122**	**11,837,405**	**560,882**	**14,368,989**
CARRYING VALUES						
At 31 March 2012	**38,877,440**	**13,682,499**	**1,293,250**	**674,412**	**268,559**	**54,796,160**
At 31 March 2011	–	–	369,487	663,155	58,264	1,090,906

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Mining structures	UOP method or 6⅔ years, whichever is appropriate
Plant and machinery	6⅔ years
Leasehold improvements	3 years or over the lease term
Computer equipment	3 years
Furniture and fixtures	3–5 years

17. PREPAID LEASE PAYMENTS

The amount represented prepayments for operating leases in respect of certain of the Group's production premises with medium unexpired lease terms located in the People's Republic of China.

18. INTANGIBLE ASSETS

	Mining right and reserves HK$	Exploration rights HK$	Total HK$
COST			
At 1 April 2010, 31 March 2011 and 1 April 2011	–	–	–
Acquisition of subsidiaries (note 33)	301,715,315	3,431,985	305,147,300
Exchange realignment	9,581,442	24,384	9,605,826
At 31 March 2012	**311,296,757**	**3,456,369**	**314,753,126**
ACCUMULATED AMORTISATION			
At 1 April 2010, 31 March 2011, 1 April 2011 and 31 March 2012	–	–	–
CARRYING VALUES			
At 31 March 2012	**311,296,757**	**3,456,369**	**314,753,126**
At 31 March 2011	–	–	–

The mining right and reserves has finite useful life and is amortised using the UOP method based on the proven and probable mineral reserves.

19. PREPAYMENTS FOR EXPLORATION AND EVALUATION ACTIVITIES

The amount represented prepayments made for exploration drilling activities in relation to the Group's exploration rights held.

20. TRADE RECEIVABLES

	2012 HK$	2011 HK$
Trade receivables	**20,745,040**	7,943,012

The Group's Trade receivables from the financial quotation and securities trading and system licensing segment are due upon the presentation of invoices. The Group allowed a credit period of 180 days for its trade receivable from the mining operations. As at 31 March 2012, trade receivables of HK$5,705,510 (2011: HK$7,943,012) were past due but not impaired while trade receivables of HK$15,039,530 (2011: nil) were neither past due nor impaired. These related to a number of independent customers from whom there are no recent history of default. The Group did not hold any collateral over these balances.

20. TRADE RECEIVABLES (CONTINUED)

The aging analysis, based on the invoice date, of these trade receivables is as follows:

	2012 HK$	2011 HK$
0 – 3 months	**20,697,326**	7,720,662
4 – 6 months	**37,814**	188,140
Over 6 months	**9,900**	34,210
	20,745,040	7,943,012

The aging analysis of trade receivables that were past due but not impaired is as follows:

	2012 HK$	2011 HK$
0 – 3 months	**5,657,796**	7,720,662
4 – 6 months	**37,814**	188,140
Over 6 months	**9,900**	34,210
	5,705,510	7,943,012

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2012 HK$	2011 HK$
Liquidated damage receivable (note 22)	**1,988,606**	22,300,000
Other receivables, deposits and prepayments	**2,688,249**	2,617,515
	4,676,855	24,917,515

22. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES

(a) On 12 October 2009, the Group entered into an acquisition agreement with an independent third party regarding the acquisition of a gold smelting and refinery business in the PRC (the "Proposed Acquisition"). According to the acquisition agreement, the Group will acquire the entire issued share capital and all shareholders' loans of the target company from the vendor for a total consideration of HK$380 million. A refundable cash deposit (the "Deposit") of HK$130 million had been paid to the vendor during the year ended 31 March 2010.

On 10 January 2011, the Group entered into a deed of termination (the "Deed") with that independent third party to terminate the Proposed Acquisition as the vendor cannot fulfil certain conditions precedent thereto. Pursuant to the Deed, the independent third party agreed to return the Deposit together with a liquidated damage of HK$22,300,000 (included in other receivables, deposits and prepayments) to the Group. An aggregate receivable of HK$150,311,394 had been settled during the year ended 31 March 2012.

(b) On 17 November 2011, the Group entered into a conditional sale and purchase agreement with an independent third party for the acquisition of a settlement services business in the PRC for an aggregate consideration of HK$200,000,000 of which HK$100,000,000, HK$50,000,000 and HK$50,000,000 will be settled by cash, two-year convertible bonds and two-year promissory notes respectively. A refundable deposit of HK$30,000,000 was paid during the year ended 31 March 2012 in such respect. Further details of the proposed acquisition were set out in the Company's announcements dated 8 November 2011 and 16 November 2011.

23. HELD FOR TRADING INVESTMENT

	2012 HK$	2011 HK$
Equity securities listed in Hong Kong, at fair value	**8,274,000**	–

The Group's held for trading investments were acquired during the year for HK$11,997,300. The fair value of the equity listed securities at the end of the reporting period is determined based on the quoted market bid prices available on the relevant exchange and a fair value loss of HK$3,723,300 was recorded for the year ended 31 March 2012.

24. BANK BALANCES AND CASH

	2012 HK$	2011 HK$
Cash at bank and in hand	**21,420,490**	19,476,735
Short-term time deposits	**9,901,990**	9,592,485
	31,322,480	29,069,220

Cash at bank carries interest at prevailing market rate for both years.

As at 31 March 2012, the effective interest rate on short-term time deposits was 2.25% (2011: 0.8%). These deposits had an average original maturity of 30 days.

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

	2012 HK$	2011 HK$
HK$	**20,300,263**	18,394,525
RMB	**11,022,217**	10,674,695
	31,322,480	29,069,220

25. TRADE AND OTHER PAYABLES

	2012 HK$	2011 HK$
Trade payables (note (a))	**9,268,439**	12,103,028
Other payables and accrued charges	**10,675,946**	3,018,177
	19,944,385	15,121,205

Notes:

(a) The aging of trade payables were within 3 months as at 31 March 2012 and 2011.

(b) An average credit period of 45 to 180 days is granted by the service providers. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

26. AMOUNTS DUE TO A SUBSTANTIAL SHAREHOLDER/DIRECTORS/NON-CONTROLLING INTEREST OF A SUBSIDIARY

The amounts are unsecured, interest-free and repayable on demand.

27. CONVERTIBLE BONDS

On 9 May 2011, the Company issued convertible bonds (the "2011 CBs"), in the principal amount of HK$21,000,000 and with maturity date on 8 May 2012, as part of the consideration for the acquisition of 60% equity interest in Jun Qiao Limited. The 2011 CBs bears interest of 4% per annum and is unsecured.

The effective interest rate of the liability component is 5.89%.

The principal terms of the 2011 CBs are as follow:

– Conversion rights are exercisable at any time during the period commencing from the date of issue of the 2011 CBs up to (but excluding) the maturity date.

– The holders of the 2011 CBs are entitled to convert the 2011 CBs into ordinary shares of the Company at an initial conversion price of HK$0.7 per ordinary share.

– If any of the 2011 CBs has not been converted, it will be redeemed on the maturity date at par.

– At any time up to the maturity date, the Company may by notice redeem whole or part of the outstanding 2011 CBs at an amount equal to 104% of the principal amount of such 2011 CBs.

The 2011 CBs contains three components: liability component, derivative component and equity component.

The Company's early redemption option embedded in the 2011 CBs was presented in the consolidated statement of financial position as "Derivative financial asset" at 31 March 2012 and was measured at fair value with changes in fair value recognised in profit or loss.

No 2011 CBs had been converted into new ordinary shares of the Company during the year ended 31 March 2012.

On 13 December 2010, the Company issued convertible bonds (the "2010 CBs") to several independent third parties in the principal amount of HK$75,050,000 with maturity date on 13 December 2011. The 2010 CBs bears interest of 4% per annum and is unsecured.

The effective interest rate of the liability component is 9.29%.

The principal terms of the 2010 CBs are as follow:

– Conversion rights are exercisable at any time during the period commencing from the date of issue of the 2010 CBs up to (but excluding) the maturity date.

– The holders of the 2010 CBs are entitled to convert the 2010 CBs into ordinary shares of the Company at an initial conversion price of HK$0.95 per ordinary share.

– If any of the 2010 CBs has not been converted, it will be redeemed on the maturity date at a redemption amount equal to 104% of the principal amount of such 2010 CBs.

– At any time up to the maturity date, the Company may by notice redeem whole or part of the outstanding 2010 CBs at an amount equal to 104% of the principal amount of such 2010 CBs.

27. CONVERTIBLE BONDS (CONTINUED)

– Holders of the 2010 CBs are not entitled to request for early redemption except for event of default occurred.

The 2010 CBs contains three components: liability component, derivative component and equity component.

The Company's early redemption option embedded in the 2010 CBs was presented in the consolidated statement of financial position as "Derivative financial asset" at 31 March 2011 and was measured at fair value with changes in fair value recognised in profit or loss.

The 2010 CBs with principal amount of HK$59,850,000 were converted into new ordinary shares of the Company during the year ended 31 March 2011 and 2010 CBs with principal amount of HK$15,200,000 remained outstanding as at 31 March 2011. No 2010 CBs has been converted into new ordinary shares of the Company since 1 April 2011 and up to the maturity date on 13 December 2011.

On 9 January 2012, the Company had entered into a deed of amendment in relation to the 2010 CBs.

The principal terms of the 2010 CBs under the deed of amendment are as follows:

– Extend the repayment period of the principal amount of the outstanding 2010 CBs for a period of 9 months from 13 December 2011 to 13 September 2012.

– During the extension period, the Company shall pay to the holders of the 2010 CBs an interest of 4% per annum.

– The Company shall pay the holders of the 2010 CBs default interest of HK$1,520,000 if the Company fails to pay any sum payable under the deed of amendment when due.

– During the extension period, the holders of the 2010 CBs were not entitled to any conversion option.

Details of the deed of amendment have been set out in the Company's announcement dated 9 January 2012.

As a result, the outstanding 2010 CBs were reclassified to promissory notes on entering into of the deed of amendment.

27. CONVERTIBLE BONDS (CONTINUED)

The movements of the liability, equity and derivatives components of the convertible bonds during the reporting period are set out below:

	Liability HK$	Derivatives financial assets HK$	Derivatives financial liabilities HK$	Equity HK$	Total HK$
As at 1 April 2010	123,801,392	(21,807,425)	1,925,220	18,714,409	122,633,596
Issued during the year	73,349,000	(1,111,000)	–	2,812,000	75,050,000
Transaction costs	(1,931,459)	–	–	(44,791)	(1,976,250)
Changes in fair value	–	19,015,589	(1,419,623)	–	17,595,966
Conversion to shares during the year	(79,792,547)	3,793,836	(505,597)	(5,405,807)	(81,910,115)
Redemption of convertible bonds	(117,370,000)	–	–	(15,515,365)	(132,885,365)
Imputed interest expense	16,793,153	–	–	–	16,793,153
As at 31 March 2011 and 1 April 2011	14,849,539	(109,000)	–	560,446	15,300,985
Issued during the year	20,625,000	(162,000)	–	169,000	20,632,000
Changes in fair value	–	256,000	–	–	256,000
Accrued interest paid	(608,318)	–	–	–	(608,318)
Reclassification to promissory notes	(15,200,000)	–	–	(560,446)	(15,760,446)
Imputed interest	2,025,779	–	–	–	2,025,779
As 31 March 2012	**21,692,000**	**(15,000)**	**–**	**169,000**	**21,846,000**

27. CONVERTIBLE BONDS (CONTINUED)

2011 CBs

At the date of issue of the 2011 CBs and 31 March 2012, the fair values of the derivative financial asset were valued by the Roma Appraisals Limited ("Roma"), an independent qualified professional valuer not connected with the Group. The fair values of derivative financial assets of the 2011 CBs are calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	At 31.3.2012	(Date of issue) At 9.5.2011
Share price	HK$0.30	HK$0.49
Conversion price	HK$0.70	HK$0.70
Expected volatility (note a)	0.51%	1.59%
Expected life (note b)	38 days	365 days
Risk free rate (note c)	0.07%	0.26%
Expected dividend yield (note d)	Nil	Nil

2010 CBs

At the date of issue and conversions of the 2010 CBs, and at 31 March 2011, the fair values of the derivative financial asset were valued by Roma. The fair values of the derivative financial assets of the 2010 CBs are calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	At 31.3.2011	On conversions during the year ended 31.3.2011	(Date of issue) At 13.12.2010
Share price	HK$0.77	HK$0.92 – HK$0.93	HK$0.89
Conversion price	HK$0.95	HK$0.95	HK$0.95
Expected volatility (note a)	6.14%	6.65% – 6.81%	7.11%
Expected life (note b)	257 days	302 days – 333 days	365 days
Risk free rate (note c)	0.27%	0.28% – 0.30%	0.55%
Expected dividend yield (note d)	Nil	Nil	Nil

Notes:

(a) Expected volatility was determined based on the historical price volatility of bond prices.

(b) Expected life was the expected remaining life of the convertible bonds.

(c) The risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes.

(d) The expected dividend yield was based on the historical dividend payment record of the Company.

28. PROMISSORY NOTES

(a) On 9 May 2011, the Group issued 4% promissory notes with principal amount of HK$40,000,000 as part of the consideration for the acquisition of Jun Qiao Limited (note 33). These promissory notes with fair values at the date of issue of HK$39,734,000 were redeemed by the Group during the year at the principal amount of HK$40,000,000 and resulted in a loss on redemption of HK$266,000.

(b) On 9 January 2012, the Group issued 4% promissory notes with principal amount of HK$15,200,000 pursuant to the deed of amendment for the extension of the repayment terms of the 2010 CBs. Such promissory notes with carrying amount of HK$15,404,065 as at 31 March 2012 were unsecured and repayable on 13 September 2012.

29. PROVISION FOR REINSTATEMENT COSTS

	2012 **HK$**	2011 HK$
At 1 April	**–**	–
Acquisition of subsidiaries (note 33)	**778,239**	–
At 31 March	**778,239**	–

Provision for reinstatement costs is recognised for the reinstatement costs to be incurred upon the full extraction of mining reserves by the Group.

30. DEFERRED TAX

The followings are the major deferred tax liabilities (assets) recognised and movements thereof during the current and prior years:

	Accelerated tax depreciation HK$	**Tax losses** HK$	**Fair value adjustments** HK$	**Total** HK$
At 1 April 2010	176,901	(176,901)	–	–
(Credited) charged to the consolidated statement of comprehensive income	(147,107)	147,107	–	–
At 31 March 2011 and 1 April 2011	29,794	(29,794)	–	–
Acquisition of subsidiaries (note 32)	–	–	73,086,602	73,086,602
(Credited) charged to the consolidated statement of comprehensive income	(5,714)	5,714	–	–
Exchange realignment	–	–	2,300,730	2,300,730
At 31 March 2012	**24,080**	**(24,080)**	**75,387,332**	**75,387,332**

At 31 March 2012, deferred tax assets of HK$24,080 (2011: HK$29,794) have been presented as an offset against deferred tax liabilities in the consolidated statement of financial position.

At the end of the reporting period, the Group had unused tax losses of approximately HK$128,489,635 (2011: HK$131,472,305) available for offset against future profits. A deferred tax asset has been recognised in respect of such tax losses of HK$145,938 (2011: HK$180,570). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$128,343,697 (2011: HK$131,291,735) due to unpredictability of future profits streams. Tax losses of the Group can be carried forward indefinitely.

31. SHARE CAPITAL

	2012 No. of shares	2012 Amount HK$	2011 No. of shares	2011 Amount HK$
Authorised:				
Ordinary shares of HK$0.01 each	**6,000,000,000**	**60,000,000**	6,000,000,000	60,000,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At beginning of year	**567,536,000**	**5,675,360**	477,536,000	4,775,360
Issue of shares on conversion of convertible bonds	**–**	**–**	74,000,000	740,000
Issue of shares on placing	**73,107,200**	**731,072**	16,000,000	160,000
At 31 March	**640,643,200**	**6,406,432**	567,536,000	5,675,360

During year ended 31 March 2011, 63,000,000 ordinary shares and 11,000,000 ordinary shares of HK$0.01 each were issued upon the conversion of convertible bonds of the Company with principal amount of HK$59,850,000 and HK$22,000,000 at a conversion price of HK$0.95 and HK$2 respectively.

On 1 September 2010, 16,000,000 ordinary shares of HK$0.01 each were placed at a price of HK$1.38 per share and raised net proceeds of HK$21,724,724.

On 5 May 2011, 73,107,200 ordinary shares of HK$0.01 each were placed at a price of HK$0.64 per share and raised net proceeds of approximately HK$44,668,592.

The above shares rank pari passu in all aspects with other shares in issue.

32. SHARE OPTION SCHEME

Under the share options scheme (the "Share Option Scheme") approved by the shareholders at a special general meeting of the Company held on 27 March 2002 (the "Adoption Date"), the directors of the Company may, at their discretion, invite any participants to take up options to subscribe for fully paid ordinary shares ("Shares") in the Company subject to the terms and conditions stipulated therein.

Details of the Share Option Scheme are as follows:

(i) Purpose

The purpose of the Share Option Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity ("Invested Entity").

(ii) Participants

The directors of the Company may, at their discretion, invite any participant ("Participant") including any executive director, non-executive director or employee (whether full time or part time), shareholder, supplier, customer, consultant, adviser, other service provider or any joint venture partner, business or strategic alliance partner, in each case, of the Company, any subsidiary of the Company or any Invested Entity, to take up options to subscribe for Shares in the Company.

(iii) Maximum number of shares

(1) 30% Limit

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 Share Option Scheme of the Company must not exceed 30% of the Shares in issue from time to time (the "Scheme Limit").

(2) 10% Limit

In addition to the Scheme Limit, and subject to the following, the total number of shares which may be issued upon exercise of all options granted under the Share Option Scheme of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Scheme (excluding any options which have lapsed) (the "Scheme Mandate Limit").

The Company may, from time to time, renew the Scheme Mandate Limit by obtaining the approval of its shareholders in general meeting. The Company may also seek separate approval by its shareholders in general meeting for granting options beyond the renewed Scheme Mandate Limit provided the options in excess of such limit are granted only to Participants specifically identified.

(iv) Maximum Entitlement of Each Participant

Unless approved by shareholders of the Company, the total number of securities issued and to be issued upon exercise of the options granted to each Participant (including both exercised and outstanding options) in any 12 month period must not exceed 1% (0.1% for any director, chief executive or substantial shareholder) of the Shares in issue. Where any further grant of options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such further grant representing in aggregate over 1% (0.1% for any director, chief executive or substantial shareholder) of the relevant class of securities in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Participant and his associates abstaining from voting.

(v) Price of Shares

The exercise price must be at least the higher of: (a) the nominal value of a Share at the date of grant; (b) the closing price of a Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

32. SHARE OPTION SCHEME (CONTINUED)

(vi) Amount payable upon acceptance of the option

Acceptance of an offer of the grant of an option shall be by the delivery to and receipt by the Company at its registered office of the form of acceptance sent to the Participant duly completed and signed by the Participant together with a remittance of HK$10.

(vii) Time of Exercise of Option

An option shall be exercisable at such time(s) or during such period(s) and subject to such terms, as the Directors may, at their discretion specify, provided that no option shall be exercisable no earlier than one month after and no later than ten years after its date of grant. Unless otherwise determined by the Directors at their sole discretion, there is no requirement of a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

(viii) The remaining life of the Share Option Scheme

The life of the Share Option Scheme is 10 years commencing on the Adoption Date and has been expired on 26 March 2012.

(ix) Shares available for issue under the Share Option Scheme

No share option has been granted, exercised or lapsed under the Share Option Scheme during both years ended 31 March 2012 and 2011.

There is no outstanding options under the Share Option Scheme as at 31 March 2011 and 31 March 2012.

33. BUSINESS COMBINATION

On 9 May 2011, the Group acquired 60% equity interest in Jun Qiao Limited from two independent third parties and 60% of the shareholder's loan for an aggregate consideration of HK$99,366,000. Jun Qiao Limited and its subsidiaries (the "Jun Qiao Subgroup") are principally engaged in the extraction and sale of mineral products in the PRC. The acquisition of the Jun Qiao Subgroup was aimed to diversify the business and investment portfolio of the Group into the mining sector in the interest of equity owners of the Company. The acquisition of Jun Qiao Limited had been accounted for using the purchase method.

Consideration transferred

	HK$
Cash	39,000,000
Issue of 2011 CBs	20,632,000
Issue of promissory notes	39,734,000
	99,366,000

The principal terms of the promissory notes were as follows:

Date of issue	:	9 May 2011
Principal amount	:	HK$40,000,000
Interest rate	:	6% per annum
Collaterals	:	Nil
Maturity date	:	1 year after the date of issue

At the date of issue of the promissory notes, the fair values were valued by Roma. The fair values of the promissory notes are calculated by reference to the contractual cash flows over the remaining contractual terms and discounted at the interest rate that is appropriate to the riskiness of the promissory notes.

33. BUSINESS COMBINATION (CONTINUED)

The fair values of the identifiable assets and liabilities of the Jun Qiao Subgroup as at the date of acquisition were as follows:

	Fair values HK$
Property, plant and equipment	11,137,723
Prepaid lease payments	1,614,373
Intangible assets	305,147,300
Other receivables, deposits and prepayments	2,395,210
Bank balances and cash	1,159,992
Other payables	(11,418,025)
Amount due to a shareholder of Jun Qiao Limited	(10,939,128)
Provision for reinstatement costs	(778,239)
Deferred tax liabilities	(73,086,602)
Fair value of net identifiable assets acquired	225,232,604
Amount due to a shareholder of Jun Qiao Limited	6,563,477
Non-controlling interests*	(104,146,998)
Gain on bargain purchase arising on acquisition	(28,283,083)
Consideration	99,366,000

The gain on bargain purchase is attributable to the Group's ability in negotiating the agreed terms of the transaction with the vendors.

* Included in the balance was HK$23,447,006 attributable to the non-controlling interests of the subsidiaries of Jun Qiao Limited.

Analysis of net outflow of cash and cash equivalents arising on acquisition:

	HK$
Cash consideration paid	39,000,000
Less: Bank balances and cash acquired	(1,159,992)
	37,840,008

33. BUSINESS COMBINATION (CONTINUED)

Impact of acquisition on the results of the Group

Acquisition-related costs amounted to approximately HK$654,132 and have been recognised as expense in the current period and included within "general and administrative expenses" in the consolidated statement of comprehensive income.

The fair value of other receivables, deposits and prepayment at the date of acquisition amounted to HK$2,395,210. The gross contractual amounts of those other receivables, deposits and prepayment acquired amounted to HK$2,395,210 at the date of acquisition. No estimated uncollectible contractual cash flows were expected at the acquisition date.

During the year ended 31 March 2012, the Jun Qiao Subgroup contributed approximately HK$32,600,319 and HK$6,237,850 to the Group's turnover and profit for the year respectively from the date of acquisition to the reporting date.

Had the acquisition of Jun Qiao Limited been completed on 1 April 2011, total turnover of the Group for the year would have been HK$115,025,514, and profit for the year would have been HK$13,640,123. The pro forma information is for illustrative purposes only and is not necessarily an indication of turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2011, nor is it intended to be a projection of future results.

The non-controlling interests in Jun Qiao Limited recognised at the acquisition date were measured by reference to the proportionate share of the fair value of the consolidated net assets of Jun Qiao Limited.

34. OPERATING LEASES COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2012 **HK$**	2011 HK$
Within one year	**2,816,814**	2,547,114
In the second to fifth years inclusive	**3,162,850**	2,898,603
	5,979,664	5,445,717

Operating lease payments represent rentals payable by the Group for certain of its office properties and production premises. Leases are negotiated for terms ranging from 1 to 17 years and rentals are fixed for the respective lease terms.

35. CAPITAL COMMITMENTS

	2012 **HK$**	2011 HK$
Contracted but not provided for capital commitment in respect of the acquisition of:		
– Subsidiaries	**170,000,000**	100,000,000
– Property, plant and equipment	**998,493**	284,603
	170,998,493	100,284,603

36. NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2012, promissory notes of HK$15,200,000 were transferred from convertible bonds under a deed of amendment as set out in note 27.

(b) On 9 May 2011, convertible bonds, related derivative financial assets and equity component in aggregate of HK$20,632,000 and promissory notes of HK$39,734,000 respectively were issued as the consideration for the business combination as set out in note 33.

(c) During the year ended 31 March 2011, convertible bonds with liability component, derivative financial assets, derivative financial liabilities and equity component of HK$79,792,547, HK$3,793,836, HK$505,597 and HK$5,405,807 respectively were converted into 74,000,000 new ordinary shares of the Company of HK$0.01 each.

37. RELATED PARTY TRANSACTIONS

(a) The balances with the Company's directors, a substantial shareholder and non-controlling interest of a subsidiary are disclosed in note 26.

(b) Compensation of directors and key management personnel

	2012 HK$	2011 HK$
Short-term employee benefits	**2,544,926**	3,308,427
Post-employment benefits	**18,000**	15,929
	2,562,926	3,324,356

The remunerations of directors and key executives are determined by the remuneration committee of the Company having regards to the performance of individuals and market trends.

38. RETIREMENT BENEFITS PLANS

Hong Kong

The Group joins the MPF Scheme. Where staff elects to join the MPF Scheme, both the Group and staff are required to contribute 5% of the employees' relevant income (capped at HK$1,000 per month from each party). Contributions from the employer are 100% vested in the employees as soon as they are paid to the relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 subject to certain exceptions. Staff may elect to contribute more than the minimum as a voluntary contribution.

PRC

The Group also participates in a defined contribution retirement scheme organised by the government in the PRC. All employees of the Group in the PRC are entitled to an annual pension equal to a fixed portion of their individual final basic salaries at their retirement date. The Group is required to contribute a specified percentage of the payroll of its employees to the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2012 HK$	2011 HK$
Non-current assets		
Property, plant and equipment	**1,336,603**	–
Interests in subsidiaries	**159,494,154**	8,319,417
Deposit paid for acquisition of property, plant and equipment	**–**	654,531
	160,830,757	8,973,948
Current assets		
Other receivables, deposits and prepayments	**2,600,778**	23,116,124
Deposit paid for acquisition of subsidiaries	**30,000,000**	130,000,000
Derivative financial assets	**15,000**	109,000
Bank balances and cash	**139,103**	214,459
	32,754,881	153,439,583
Current liabilities		
Other payables	**2,709,536**	1,163,418
Amount due to a substantial shareholder (note (a))	**20,182,385**	28,182,385
Amounts due to directors (note (a))	**7,926,645**	2,104,870
Convertible bonds	**21,692,000**	14,849,539
Promissory notes	**15,404,065**	–
	67,914,631	46,300,212
Net current assets	**(35,159,750)**	107,139,371
Total assets less current liabilities	**125,671,007**	116,113,319
Capital and reserves		
Share capital	**6,406,432**	5,675,360
Share premium	**158,234,075**	114,296,555
Capital redemption reserve	**176,000**	176,000
Convertible bonds reserve	**169,000**	560,446
Accumulated losses	**(39,314,500)**	(4,595,042)
Total equity	**125,671,007**	116,113,319

Note:

(a) The amounts are unsecured, non-interest bearing and repayable on demand.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2012 and 2011 are as follows:

			Interest held		
Name of company	Place of incorporation/ operation	Issued and paid up capital	Directly	Indirectly	Principal activities
ABC QuickSilver Limited	British Virgin Islands/ Hong Kong	US$25	–	50.97% (2011: 50.97%)	Wireless application development
QuotePower International Limited	Hong Kong	HK$67,264,000	–	50.97% (2011: 50.97%)	Financial information services and securities trading system licensing
Tong Bai County Yin Di Mining Company Limited*	PRC	RMB500,000	–	54.00% (2011: –)	Extraction and sale of mineral products
Xin Jiang Xin Jiany Yuan Mining Company Limited*	PRC	RMB3,000,000	–	51.30% (2011: –)	Mine exploration

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group.

None of the subsidiaries has issued any debt securities at the end of or at any time during both reporting periods.

* Subsidiaries acquired during the year ended 31 March 2012.

41. EVENTS AFTER THE REPORTING PERIOD

(a) On 8 May 2012, the Company entered into an agreement with the holders of the 2011 CBs for the substitution of the outstanding principal of the 2011 CBs on maturity by promissory notes with principal amount of HK$21,840,000 which are repayable on 8 November 2012 and bear interest of 4% per annum.

(b) On 15 May 2012, the Company placed 86,154,000 ordinary shares of HK$0.01 each at HK$0.26 per share and raised net proceeds of HK$21,700,000.

(c) On 26 June 2012, the Company placed 41,000,000 ordinary shares of HK$0.01 each at HK$0.305 per share and raised net proceeds of HK$12,100,000.

(d) On 29 June 2012, the Company placed 400,000,000 ordinary shares of HK$0.01 each at HK$0.25 per share and raised net proceeds of HK$95,000,000.

(e) Subsequent to the end of the reporting period, the Company repaid the entire 2011 CBs by 2 instalments on 28 August 2012 and 8 November 2012.

(f) Subsequent to the end of the reporting period, the Company repaid the entire promissory notes on 29 October 2012.

(g) The fair value of the Group's held for trading investment at the date of these consolidated financial statements decreased by HK$3,061,380 to HK$5,212,620.

Five-Year Financial Summary

	2008 HK$'000	2009 HK$'000	2010 HK$'000	2011 HK$'000	**2012 HK$'000**
Turnover	150,250	108,879	130,258	103,409	**115,025**
(Loss)/profit before income tax	(5,305)	70,566	(2,921)	(22,356)	**19,161**
Taxation (charge)/credit	(242)	(1,225)	–	–	**(2,139)**
(Loss)/profit after taxation	(5,547)	69,341	(2,921)	(22,356)	**17,021**
(Loss)/profit attributable to shareholders	(5,547)	68,552	(5,266)	(23,144)	**12,554**
(Loss)/profit attributable to shareholders per share	(1.2) cents	14.7 cents	(1.1) cents	(4.6) cents	**1.98 cents**
ASSETS AND LIABILITIES					
Total assets	419,088	34,796	196,591	193,784	**477,947**
Current liabilities	(107,026)	(19,659)	(145,422)	(63,950)	**(96,230)**
Funds employed	312,062	15,137	51,169	129,834	**381,717**
Shareholders' fund	290,854	15,137	51,169	129,834	**182,484**
Long term bank loans and deferred taxation	21,208	–	–	–	**76,166**
Funds employed	312,062	15,137	51,169	129,834	**258,650**
Return on average shareholders' fund (%)	(1.8)	44.8	(15.9)	(25.6)	**4.9**
Dividends per share	2 cents	58.66 cents	–	–	**–**