ABC Communications

(Holdings) Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 30)

2012 / 2013

Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors:
Mr. Chen Jiasong *(Chairman)*
Mr. Cheung Wai Shing
Mr. Song Gaofeng
Ms. Ma Sai
Mr. Choy Kai Chung, Andy (retired on 18 February 2013)
Mr. Lau Kevin (retired on 18 February 2013)

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. Yau Chung Hang (appointed on 16 May 2013)
Mr. Zhang Guang Hui
Mr. Lee Ho Yiu, Thomas (retired on 18 February 2013)

Chief Executive Officer:
Mr. Zhao Bao Long

COMMITTEES

Audit Committee:
Mr. Yau Chung Hang *(Chairman)*
(appointed on 16 May 2013)
Mr. Lee Kwong Yiu
Mr. Zhang Guang Hui

Remuneration Committee:
Mr. Lee Kwong Yiu *(Chairman)*
Mr. Yau Chung Hang (appointed on 16 May 2013)
Mr. Zhang Guang Hui
Mr. Chen Jiasong
Mr. Cheung Wai Shing

Nomination Committee:
Mr. Chen Jiasong *(Chairman)*
Mr. Lee Kwong Yiu
Mr. Yau Chung Hang (appointed on 16 May 2013)
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
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Room 2709-10, 27/F
China Resources Building
No. 26 Harbour Road
Wanchai
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

www.0030hk.com

Management Discussion and Analysis

OPERATING RESULTS

In 2012/2013 financial year, the turnover of the Group amounted to HK$68.7 million, representing a decrease of 40% as compared to HK$115 million in previous year. The total comprehensive expense of the Group amounted to HK$19.3 million, representing a fall of HK$46 million as compared to the total comprehensive income of HK$26.7 million in year 2011/2012. The total comprehensive expense attributable to owners of the Company amounted to HK$19.2 million, representing a decline of HK$38 million from that of previous year. During the year, the Group's financial quotation and securities trading system licensing remained the core revenue contributor, which accounted for 96% of the Group's revenue. The mining operations segment has contributed revenue of HK$2.6 million. Nevertheless after taking into account the depreciation of tangible assets, the mining operations segment suffered a loss of HK$2.5 million.

Loss for the year amounted to HK$23.6 million, and representing a drop by HK$40.6 million as comparing to the profit for the year of HK$17 million in year 2011/2012. The decline could be analyzed by the following factors:

– In the previous year, the Group had recognized an one-off gain on bargain purchase of HK$28.3 million in relation to the acquisition of the mining operations pursuant to relevant accounting standards. Such exceptional gain was one-off in nature and did not happen again in the current year.

– Gross profit has decreased by HK$12.1 million as a result of the fall in turnover, despite the fact that the gross profit margin had remained at approximately 24%.

FINAL DIVIDEND

The Board did not propose a final dividend.

BUSINESS REVIEW

The Mining Operations

During the year, the mining operations contributed a turnover of approximately HK$2.6 million (2011/2012: HK$32.6 million) to the Group. Loss before tax attributable to the segment amounted to HK$2.5 million (2011/2012: profit of HK$8.4 million). PRC Enterprise Income Tax of HK$6,960 has been provided at 25%, being the applicable tax rate for the operating entities in PRC on the taxable profit. In the previous year, 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 in the year 2011/2012.

Jun Qiao Limited ("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:

BUSINESS REVIEW (CONTINUED)

The Mining Operations (Continued)

Yin Di Mining Area (銀地礦區) in Henan

The Yin Di Mining Area is the only productive mine of the Group. It is located at Tongbai County in Henan Province and covers a mining area of approximately 1.81 km^2. 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 2013, 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	1,744,500	5.63 g/t	9,826 kg
Silver	122b	19,479	88.50 g/t	1,723.8 kg
	332	291,800	80 g/t	21,868 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

BUSINESS REVIEW (CONTINUED)

The Mining Operations (Continued)

Yin Di Mining Area (銀地礦區) in Henan (Continued)

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 originally expected to be completed in the second quarter of 2013. However, during the year, the local municipal government has tightened the control and administration of dynamite for political reason. The supply of dynamite, the core material used in the mining site development was restricted. In most of the time, mining and site preparation could only be carried out by manual works and machines. This has significantly lowered efficiency and led to the postponement of the Group's development plan on the mining area.

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 at time of acquisition. 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 approximately 8,200 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, 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. The Group could sell mineral ores to customers. The mining site was under improvement works for the production of gold ores. When the site preparation works completes, the growth potential in turnover and profit for the mining operations would be realized.

BUSINESS REVIEW (CONTINUED)

The Mining Operations (Continued)

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 2.36km². 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 will be expired on 6 April 2014.

The Department of Land and Resources of Henan Province has issued a policy statement No. 20099. According to this policy statement, whenever exploration license is renewed, the area of the exploration site will be reduced by not less than 25%.

If the Group 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.

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 km². 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 and substantial coal reserves have been identified. The management will be formulated development plan and strategy once relevant reserve report and feasibility study are finalized and approved. The exploration license will be expired on 31 May 2014.

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

	Yin Di Mining Area		Li Zi Yuan Mine		Hu Lei Si De Mine		Total	
	RMB million	HK$ million	RMB million	HK$ million	RMB million	HK$ million	RMB million	HK$ million
Improvement and reinforcement of mining site	12.8	16.1	–	–	–	–	12.8	16.1
Exploration	–	–	–	–	0.9	1.1	0.9	1.1
Total	12.8	16.1	–	–	0.9	1.1	13.7	17.2

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

BUSINESS REVIEW (CONTINUED)

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$66.2 million. As compared with the last reporting period, turnover from QuotePower has been declined by approximately 20%. This reflected loss of subscribers of our financial quotation services owing to the pessimistic market and investment sentiments. The segment suffered a loss of approximately HK$138,000.

SELLING AND DISTRIBUTION COSTS

During the current financial year, the Group's selling and distribution costs amounted to approximately HK$1.2 million, which were almost the same as that of the previous year. Selling and distribution costs were incurred mostly in our financial quotation segment.

GENERAL AND ADMINISTRATIVE EXPENSES

During the current financial year, the Group's general and administrative expenses increased by approximately HK$4.9 million or 16%. The increase was primarily due to the increase in employee's salaries, directors' fees and legal and professional fees incurred. The proposed acquisition of Billion Light Holdings Limited has been terminated subsequent to the end of the reporting period and the related prepaid professional fees for the due diligence amounted to HK$750,000 have been written off in the income statements during the year.

FINANCE COSTS

Finance costs decreased by 64.1% from HK$2.2 million to HK$0.8 million. The Group had no bank borrowings. The finance costs were mainly due to imputed interest on convertible bonds and promissory notes. The Group had settled all outstanding convertible bonds and promissory notes during the year.

PROVISION FOR REINSTATEMENT COSTS

As at 31 March 2013, the Group has made a provision of reinstatement costs of HK$787,689 (31 March 2012: HK$778,239). The provision was made for the reinstatement costs, which would be incurred in the future when the exploitation activities were 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$6,960. 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 from the financial quotation segment was offset by tax losses brought forward and thus the income tax expense was solely contributed by the Group's subsidiaries in PRC.

EARNINGS PER SHARE

For the year ended 31 March 2013, the basic and diluted loss per share amounted to 2.12 cents, which shown a regression from the earnings per share of 1.98 cents from the last reporting year.

Management Discussion and Analysis

DEFERRED TAX LIABILITIES

As at 31 March 2013, deferred tax liabilities attributable to Jun Qiao amounted to HK$76.3 million (2012: 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. The movement during the current financial year represented exchange realignment.

FINANCIAL POSITION

The Group's consolidated statement of financial position remained solid. Shareholders' equity increased from HK$182.5 million to HK$292.8 million. Total assets and net assets increased by 9% and 36% to HK$521.2 million and HK$415.8 million respectively, which was primarily due to the successful placement and issue of new shares during the year.

In the current year, the net cash used in operations amounted to HK$17.2 million, as compared to that of HK$18.5 million in previous year. The net cash used in operation decreased by HK$1.3 million, which was primarily due to the decrease in account receivables by HK$12 million. The net cash used in the Group's investing activities amount to HK$47.3 million, which was due to the several fixed income short term investment made by the Company. Overall, the net decrease in cash and cash equivalents of the Group amount to HK$0.3 million, as compared to the net increase in previous year of HK$1.8 million. As at 31 March 2013, the Group's cash and cash equivalent amounted to approximately HK$31.4 million (31 March 2012: HK$31.3 million). The Group was endeavor to maintains a conservative approach to cash management and risk controls.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2013, the Group's cash and cash equivalents amounted to HK$31.4 million (2012: HK$31.3 million). The Group had no banks loans or borrowings with fixed term of repayment at the end of year.

	As at 31 March 2013	As at 31 March 2012
Current ratio (current assets/current liabilities)	**4.2 times**	0.99 times
Gearing ratio (total liabilities/total assets)	**20.2%**	36.1%

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 2013 HK$	31 March 2012 HK$
Financial Quotation Services	**4,799,756**	5,705,510
Mining Operations	**1,575,378**	15,039,530
	6,375,134	20,745,040

Trade receivable in the Group's financial quotation segment has been decreased by approximately 16%. For the mining operations, the trade receivables has been decreased by approximately 90%. 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 2013 HK$	31 March 2012 HK$
Liquidated damage receivable	**–**	1,988,606
Other receivables	**1,495,423**	465,155
Rental deposits	**1,688,447**	1,499,294
Prepayment	**966,161**	723,800
	4,150,031	4,676,855

As at 31 March 2013, other receivables increased due to loan interest income arised during the year amounted to approximately HK$1 million. The decrease in the overall balance was due to settlement of last year's liquidated damage. The remaining balances were not material to the Group.

PREPAYMENTS FOR EXPLORATION AND EVALUATION ACTIVITIES

As at 31 March 2013, the prepayments for exploration and evaluation activities amounted to approximately HK$12.8 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 completed as at 31 March 2013.

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

	31 March 2013 **HK$'000**	31 March 2012 HK$'000
Li Zi Yuan Mining Area exploration contract	**4,502**	4,447
Hu Lei Si De Mining Area exploration contract	**8,252**	7,165
Miscellaneous expenses, fees and levies	**38**	38
	12,792	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 operations.

INTANGIBLE ASSETS

The Group's intangible assets, which comprised of mining right and reserves and exploration rights, amounted to approximately HK$318.6 million, which was resulted from the acquisition of Jun Qiao in the previous year.

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 31 March 2013. 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 2013. 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 2013, which had a higher fair value than the carrying value the Directors considered that there was no impairment on the mining right and reserve as at 31 March 2013.

The valuation of the Group's intangible assets relied upon the estimated mineral resources data in the Reserves Report prepared by the First Geological Survey Team of Henan Geology and Mineral Exploration and Development Bureau. The Reserve Reports was based on factual geological survey, drillings and sample testing. There was no specific assumption made in the preparation of the Reserves Report.

Based on the valuation report issued by Roma on 26 June 2013, the fair value of each of the Group's mining properties as at 31 March 2013 were as follows:

Mining Property:	Status	Fair Value 31 March 2013 RMB'000	HK$'000
Yin Di Mining Area	Mining	**435,000**	**543,881**
Li Zi Yuan Mining Area	Exploration	**682**	**853**
Hu Lei Si De Mining Area	Exploration	**2,119**	**2,649**
		437,801	**547,383**

Note: The fair value of the Group's mining properties as at 31 March 2013 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 2013 was not reflected in the financial statements.

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 2013, in order to reflect the latest market position.

Management Discussion and Analysis

INTANGIBLE ASSETS (CONTINUED)

In the valuation report issued by Roma for the fair value of intangible assets as at 31 March 2013, 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.

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 annual report, the Directors considered that there was no impairment on the 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.

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 the valuer.

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 2013, the total number of issued ordinary shares of the Company was 1,167,797,200 shares (31 March 2012: 640,643,200 shares).

On 15 May 2012, the Company has successfully placed 86,154,000 ordinary shares at a price of HK$0.26 per share, and raised net proceeds of approximately HK$21.7 million. 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.

On 26 June 2012, the Company has successfully placed 41,000,000 ordinary shares at a price of HK$0.305 per share, and raised net proceeds of approximately HK$12.1 million. 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$5.2 million to repay the loan from a substantial shareholder, as to HK$2 million to repay advance from a directors, and as to HK$4.9 million for general working capital.

SHARE CAPITAL (CONTINUED)

On 29 June 2012, the Company has successfully placed 400,000,000 ordinary shares at a price of HK$0.25 per share under a specific mandate granted to the Board by shareholders in special general meeting held on 5 March 2012, the ordinary resolution to approve the placing of 400,000,000 new shares have been issued. The Company raised net proceeds of approximately HK$95.7 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 (i) approximately HK$38 million to repay outstanding convertible bonds and promissory notes, including interest, of the Company; (ii) approximately HK$4.8 million to acquire certain fixed and movable assets; (iii) approximately HK$40 million for providing short term secured financing; and (iv) approximately HK$12.9 million was used for the general working capital of the Group. The HK$40 million short term financing has been returned to the Company at the date of this annual report. The Company will applied the fund on potential investment opportunities that might be identified by the Group. As at the date of this annual report, except for the entering into the non-legally binding Memorandum of Understanding dated 16 May 2013 in relation to the proposed acquisition of the entire issued share capital and all shareholders' loans of Giant Purity Limited, details of which have been disclosed in the Company's announcements dated 16 May 2013 and 14 June 2013, the Company has not identified any other potential investment opportunity.

FUND RAISING ACTIVITIES AFTER REPORTING PERIOD

On 10 June 2013, the Company entered into a placing agreement with Orient Securities Limited as placing agent to place, on a best efforts basis, a maximum of 233,000,000 at a price of HK$0.15 per share under a general mandate granted to the Directors at the annual general meeting held on 18 February 2013. On the assumption that all placing shares are fully placed, the gross proceeds and the net proceeds arising from the placing will be HK$34.95 million and approximately HK$33.3 million, respectively, which is intended to be used as general working capital and for future potential investments of the Company. The placing is not completed up to the date of this annual report. For further details, please refer to the Company's announcement dated 10 June 2013.

PLEDGE OF ASSETS

As at 31 March 2013, no assets of the Group were pledged to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 March 2013, the Group had no material contingent liabilities.

CAPITAL COMMITMENTS

	2013 **HK$**	2012 HK$
Contracted but not provided for capital commitment in respect of the acquisition of:		
– Subsidiaries (note)	**170,000,000**	170,000,000
– Property, plant and equipment	**210,425**	998,493
	170,210,425	170,998,493

Note: Subsequent to the end of the reporting period, the major transaction has been terminated and the Group had no capital commitment as at the date of this annual report.

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 2013, the Group had an insignificant 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 operations and thus the comprehensive income of the Group. The Group did not engage in nor enter into any trading contracts and price arrangements to hedge the risk of volatility of metals prices.

EMPLOYEE REMUNERATION POLICY

As at 31 March 2013, the Group had 59 employees (31 March 2012: 58 employees). Total salaries, commissions, incentives and all other staff related costs incurred for the year ended 31 March 2013 amounted to approximately to HK$19.2 million (31 March 2012: HK$16.8 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 still be 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 operations 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 operations 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 operations 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.

OUTLOOK (CONTINUED)

The Mining Operations (Continued)

Based on the existing gold and silver reserves and resources of the Group, it is expected to have higher production in the future. 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, and the stage geological summary report will be produced after the works finished.

The exploration works was expected to be finished in 2014. The resource/reserve reports and the feasibility reports for both exploration properties will be finalized in the second half 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 started in the second quarter of 2013 with expected 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 meantime, 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 operations. It will be the strategy of the Group to carry out mining operations, mine development and exploration works simultaneously in order to keep generating cash-flow from the mining operations while making investment. The Group has no current intention and plan to acquire other mining properties in the near future. The management will focus 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.

OUTLOOK (CONTINUED)

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 16 May 2013, the company entered into the non-legally binding Memorandum of Understanding in relation to the proposed acquisition of the entire issued share capital and all shareholders' loans of Giant Purity Limited (the "Target Company"), details of which have been disclosed in the Company's announcements dated 16 May 2013 and 14 June 2013. The Target Company is a company incorporated in the British Virgin Islands with limited liability. According to the information provided by the vendor, an indirect 95%-owned subsidiary of the Target Company owns 100% of a PRC project company which holds and owns (a) mining permits in respect of dolomite marble covering a total area of approximately 0.3988 square kilometers (the "Target Mine"); (b) concession rights and interests in respect of forest land with a total site area of approximately 270 Chinese Mu; and (c) land use right in respect of a parcel of industrial land with a total site area of approximately 156 Chinese Mu, all of which are situated in Kuandian Manchu Autonomous County, Dandong City, Liaoning Province, PRC. According to the information provided by the Vendor, the Target Mine has an indicated mineral resource (or higher) of dolomite marble of not less than 20,000,000 cubic metres. The management was conducting due diligence works including legal, financial and technical aspects at the moment, in order to form a view on whether the Company should proceed with the proposed acquisition.

Except for those fund raising activities after reporting period and the proposed acquisition of Giant Purity 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 2013.

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 7 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 34.

RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 37.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 15 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 annual report were:

Executive Directors:

Mr. Chen Jiasong *(Chairman)*
Mr. Cheung Wai Shing
Mr. Song Gaofeng
Ms. Ma Sai
Mr. Choy Kai Chung, Andy (retired on 18 February 2013)
Mr. Lau Kevin (retired on 18 February 2013)

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. Yau Chung Hang (appointed on 16 May 2013)
Mr. Zhang Guang Hui
Mr. Lee Ho Yiu, Thomas (retired on 18 February 2013)

DIRECTORS (CONTINUED)

In accordance with the Company's Bye-laws, Mr. Yau Chung Hang, Mr. Song Gaofeng, Mr. Qiu Hai Jian and Ms. Ma Sai 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

The Share Option Schemes has been expired on 26 March 2012 and the new Share Options Schemes will be adopted in due course.

DIRECTORS' INTERESTS

As at 31 March 2013, 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.

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 2013, 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 application 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 2013, 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	79%
– five largest suppliers combined	93%
Sales	
– the largest customer	49%
– five largest customers combined	66%

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 10 June 2013, the Company entered into a placing agreement with Orient Securities Limited as placing agent to place, on a best efforts basis, a maximum of 233,000,000 at a price of HK$0.15 per share under a general mandate granted to the Directors at the annual general meeting held on 18 February 2013. On the assumption that all placing shares are fully placed, the gross proceeds and the net proceeds arising from the Placing will be HK$34.95 million and approximately HK$33.3 million, respectively, which is intended to be used as general working capital and for future potential investments of the Company. The placing is not completed up to the date of this annual report. For further details, please refer to the Company's announcement dated 10 June 2013.

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, 28 June 2013

Biographical Information of Directors and Chief Executive Officer

EXECUTIVE DIRECTORS

Mr. Chen Jiasong, aged 59, 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 42, 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. 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.

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.

Biographical Information of Directors and Chief Executive Officer

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. Yau Chung Hang, aged 40, is the chief financial officer and company secretary of Brilliant Circle Holdings International Limited (Stock Code: 1008) listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Yau obtained the Bachelor of Arts in Accounting from the University of Bolton, the UK. Mr. Yau has more than 17 years of experience in finance and accounting. Mr. Yau had worked as financial controller for two listed companies in Hong Kong and had previously worked in an international accounting firm. He is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of HKICPA. Mr. Yau has been appointed as an independent non-executive director, a member of audit committee, a member of remuneration committee and a member of nomination committee of the Company on 16 May 2013. Mr. Yau 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.

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 Provisions set out in the Corporate Governance Code with effect from 1 April 2012 (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") throughout the year ended 31 March 2013.

In the opinion of the Board, the Company has complied with the Code Provisions save for deviations as set out below: –

CODE PROVISION A.4.1

Code Provision 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; and

CODE PROVISION A.6.7

Code Provision A.6.7 stipulates that independent non-executive directors ("INEDs") and other non executive directors ("NEDs") should attend general meeting. Out of four INEDs of the Company, only one INED attended the annual general meeting of the Company held on 18 February 2013 (the "2012 AGM") but the other three INEDs and one NED were unable to attend the 2012 AGM due to other business engagement.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of the Model code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. 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 BOARD OF DIRECTORS (CONTINUED)

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 nine directors as follows:

Executive Directors
Mr. Chen Jiasong *(Chairman)*
Mr. Cheung Wai Shing
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. Yau Chung Hang (appointed on 16 May 2013)
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. Following the conclusion of the 2012 AGM, Mr. Lee Ho Yiu, Thomas has retired as an INED. In this respect the Company was in breach of the Rules 3.21 and 3.27 of the Listing Rules. On 16 May 2013, Mr. Yau Chung Hang has been appointed as an INED of the Company, following such appointment the Company has complied with the Rules 3.21 and 3.27 of the Listing Rules. Currently, there are 4 out of 9 Directors are INEDs and one of them is qualified accountant. Biographical details of the Directors are set out in the section of "Biographical Information 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.

THE BOARD OF DIRECTORS (CONTINUED)

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 8 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 OF DIRECTORS (CONTINUED)

Board Meetings (Continued)

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	Nomination Committee	Remuneration Committee
Total numbers of meetings held during the year ended 31 March 2013	8	3	1	1
Executives:				
Mr. Chen Jiasong	6/8	N/A	1/1	1/1
Mr. Cheung Wai Shing	8/8	N/A	1/1	1/1
Mr. Song Gaofeng	1/8	N/A	N/A	N/A
Ms. Ma Sai	0/8	N/A	N/A	N/A
Mr. Choy Kai Chung, Andy (retired on 18 February 2013)	6/8	N/A	N/A	N/A
Mr. Lau Kevin (retired on 18 February 2013)	8/8	N/A	N/A	N/A
Non-Executive:				
Mr. Qiu Hai Jian	0/8	N/A	N/A	N/A
Independent Non-executives:				
Mr. Chen Haoyun, Jordy (appointed on 28 December 2012)	3/3	N/A	N/A	N/A
Mr. Lee Kwong Yiu	4/8	3/3	1/1	1/1
Mr. Lee Ho Yiu, Thomas (retired on 18 February 2013)	6/8	3/3	1/1	1/1
Mr. Yau Chung Hang (appointed on 16 May 2013)	N/A	N/A	N/A	N/A
Mr. Zhang Guang Hui	4/8	3/3	1/1	1/1

Directors' training and professional development

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company had arranged an in-house training for Directors organized by our in-house lawyer covering the topics on the inside information disclosure requirements under the Securities and Futures Ordinance and continuing and connected transactions under Chapter 14A of the Listing Rules. Reference materials were from time to time provided to Directors to update them with the relevant laws and Listing Rules. As at the date of this annual report, all directors have submitted their training records to the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the following corporate governance functions:–

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

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 for the purpose of making recommendations to the Board on the Company's remuneration policy and structure for directors and senior management. The written terms of reference are posted on the websites of the Company and the Stock Exchange.

The work of the RC during the year ended 31 March 2013 included the following matters:

i. reviewed and made recommendations to the Board the bonus payments for the year 2012 and the increment in remuneration packages for the year 2013 for all the Directors and senior management staff of the Company. The RC has considered factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. Further details on the remuneration policy and the basis of determining the remuneration payable to the Directors and senior management are set out in the pages 68 to 71 of this annual report;

ii. determined, with delegated responsibility, the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

iii. ensured no director or any of his associated is involved in deciding his own remuneration;

iv. The Group's shares option scheme has been expired since 26 March 2012, a new shares option scheme will be adopted in due course; and

v. reviewed and made recommendations to the Board the emolument policy of the employees of the Group on the basis of their merit, qualification and competence.

BOARD COMMITTEES (CONTINUED)

Remuneration Committee (Continued)

Further details on the remuneration policy and the basis of determining the remuneration payable to the Directors and senior management are set out in pages 68 to 71 of this annual report.

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.

The RC currently consists of the following members:

Independent Non-executive Directors
Mr. Lee Kwong Yiu *(Chairman)*
Mr. Yau Chung Hang
Mr. Zhang Guang Hui

Executive Directors
Mr. Chen Jiasong
Mr. Cheung Wai Shing

Nomination Committee

The Company has established a nomination committee (the "NC") with written terms of reference in consistence with the CG Code for the purpose of 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. The written terms of reference are posted on the websites of the Company and the Stock Exchange.

In addition, the shareholders have the power to nominate any person to become a director of the Company in accordance with the Company's Bye-Laws, the procedure for election of directors was published on the Company's website.

The work of the NC during the year ended 31 March 2013 included the following matters:–

i. nominated Mr. Chen Haoyun, Jordy ("Mr. Jordy Chen") as INED to join the Board of the Company in order to comply with the Rule 3.10A of the Listing Rules. At that time, the Board had 11 Directors and 3 out of 11 Directors are INEDs;

ii. accessed Mr. Jordy Chen's independence of INED in accordance with the independence guidelines set out in the Listing Rules;

iii. made recommendation to the Board on Mr. Jordy Chen's appointment; and

iv. evaluated Mr. Jordy Chen's skills, qualification, knowledge and experience.

After the reporting period, NC also nominated Mr. Yau Chung Hang as INED to join the Board in order to comply with the Rules 3.21 and 3.27 of the Listing Rules. Both of Messrs. Jordy Chen and Yau Chung Hang will hold office until the next annual general meeting and shall be eligible for re-election. Their biographies are set out in the section of "Biographical Information of Directors and Chief Executive Officer" in this annual report.

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

The number of NC 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.

The NC currently consists of the following members:

Independent Non-executive Directors
Mr. Lee Kwong Yiu
Mr. Yau Chung Hang
Mr. Zhang Guang Hui

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

Audit Committee

The Company has established an audit committee (the "AC") with written terms of reference in consistence with the CG Code. 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.

During the reporting period, as additional time was required for the Company to finalize the financial statements of the Company and its subsidiaries and to collect all supporting documents required by the auditors in order to review the financial information and complete their audit procedures, the Company was delay in publication of the final results announcement for the year ended 31 March 2012 and the interim results announcement for the six months ended 30 September 2012.

During the year ended 31 March 2013, the AC held 3 meetings and the work of AC included the following matters:–

i. discussed with management the status of annual results for the year ended 31 March 2012, interim results for the six months ended 30 September 2012 and reported the comments from the Stock Exchange from time to time;

ii. reviewed and discussed with management and the external auditors regarding the financial statements for the year ended 31 March 2012 and management letter;

iii. reviewed and discussed with management and the external auditors regarding the Restatement of the previously issued interim condensed financial information for the six months ended 30 September 2011;

iv. reviewed and discussed with management and the external auditors regarding the unaudited interim financial statements for the six months ended 30 September 2012 and management letter;

v. reviewed the effectiveness of internal control system;

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

vi. reviewed the external auditors' statutory audit plan and engagement letter;

vii. discussed with the management and ensured that the Board has conducted an annual review such that there is adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function; and

viii. recommended to the Board, for the approval by shareholders, of the re-appointment of the auditors.

The number of AC meetings 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.

The AC currently consists of the following members. Mr. Yau Chung Hang is the certified public accountant for many years.

Independent Non-executive Directors
Mr. Yau Chung Hang *(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, inside information 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 Auditors' Report on page 32 to 33 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 HK$835,000. 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$688,000, most of which was related to the professional accountancy works for the Group's proposed acquisition.

COMPANY SECRETARY

Mr. Cheung Wai Shing ("Mr. Cheung"), the Company Secretary of the Company, has confirmed that for the year ended 31 March 2013, he has complied with Rule 3.29 of the Listing Rules. Mr. Cheung has taken no less than 15 hours of relevant professional training. Mr. Cheung is also the Executive Director of the Company, his biography is set out in the section of "Biographical Information of Directors and Chief Executive Officer" in this annual report.

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 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

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's articles of association. Details of such rights to demand a poll and the poll procedures are included in all circulars to shareholders and will be explained during the proceedings of meetings.

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

SHAREHOLDERS' RIGHTS

Convening special general meeting and putting forward proposals at Shareholder's meetings

Pursuant to section 74(1) of the Bermuda Companies Act, the Directors of the Company, on the requisition of shareholders of the Company holding not less than on-tenth of the paid-up capital of the Company, can convene a special general meeting to address specific issues of the Company within 21 days from the date of deposit of written notice to the principal place of business of the Company in Hong Kong. The same requirement and procedure also applies to any proposal to be tabled at shareholders' meetings for adoption.

Shareholders' Enquiries to the Board

Shareholders of the Company may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are set out in the "Contact Us" section of the Company's website at http://www.0030hk.com/news.php.

CONSTITUTIONAL DOCUMENTS

For the year ended 31 March 2013, there has been no significant change in the constitutional documents of the Company.

Independent Auditor's Report

信永中和
ShineWing

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 34 to 91, which comprise the consolidated statement of financial position as at 31 March 2013, 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.

Independent Auditor's Report

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 2013, and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

Hong Kong
28 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	2013 HK$	2012 HK$
Turnover	7	**68,747,913**	115,025,514
Cost of sales		**(52,422,855)**	(86,631,716)
Gross profit		**16,325,058**	28,393,798
Other income	8	**1,440,494**	419,245
Gain on bargain purchase		**–**	28,283,083
Decrease in fair value of held for trading investments	23	**(2,210,565)**	(3,723,300)
Realised loss on held for trading investments	23	**(1,899,070)**	–
Fair value losses on derivative financial assets		**(15,000)**	(256,000)
Loss on redemption of promissory notes	28	**–**	(266,000)
Selling and distribution costs		**(1,160,408)**	(1,116,091)
General and administrative expenses		**(35,247,031)**	(30,343,884)
Finance costs	9	**(799,471)**	(2,229,844)
(Loss) profit before tax	10	**(23,565,993)**	19,161,007
Income tax expense	13	**(6,960)**	(2,139,436)
(Loss) profit for the year		**(23,572,953)**	17,021,571
Other comprehensive income			
Exchange differences arising on translation and other comprehensive income for the year		**4,258,565**	9,711,416
Total comprehensive (expense) income for the year		**(19,314,388)**	26,732,987
(Loss) profit for the year attributable to:			
Owners of the Company		**(22,258,263)**	12,554,422
Non-controlling interests		**(1,314,690)**	4,467,149
		(23,572,953)	17,021,571
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(19,173,974)**	18,802,142
Non-controlling interests		**(140,414)**	7,930,845
		(19,314,388)	26,732,987
(Loss) earnings per share			
Basic and diluted	14	**(2.12 cents)**	1.98 cents

Consolidated Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK$	2012 HK$
Non-current assets			
Property, plant and equipment	15	**68,052,797**	54,796,160
Prepaid lease payments	16	**1,626,953**	1,714,596
Intangible assets	17	**318,573,940**	314,753,126
Prepayments for exploration and evaluation activities	18	**12,791,819**	11,650,115
		401,045,509	382,913,997
Current assets			
Trade receivables	19	**6,375,134**	20,745,040
Other receivables, deposits and prepayments	20	**4,150,031**	4,676,855
Loan receivables	21	**41,649,280**	–
Deposit paid for acquisition of subsidiaries	22	**34,800,000**	30,000,000
Derivative financial assets	27	**–**	15,000
Held for trading investment	23	**1,772,435**	8,274,000
Bank balances and cash	24	**31,395,321**	31,322,480
		120,142,201	95,033,375
Current liabilities			
Trade and other payables	25	**16,906,693**	19,944,385
Advance subscriptions and licence fees received		**2,271,841**	2,559,465
Amount due to a substantial shareholder	26	**754,385**	20,182,385
Amounts due to directors	26	**1,834,821**	9,790,330
Amount due to non-controlling interest of a subsidiary	26	**4,375,651**	4,499,181
Convertible bonds	27	**–**	21,692,000
Promissory notes	28	**–**	15,404,065
Tax payable		**2,184,836**	2,158,488
		28,328,227	96,230,299
Net current assets (liabilities)		**91,813,974**	(1,196,924)
Total assets less current liabilities		**492,859,483**	381,717,073

Consolidated Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK$	2012 HK$
Non-current liabilities			
Provision for reinstatement costs	29	**787,689**	778,239
Deferred tax liabilities	30	**76,302,451**	75,387,332
		77,090,140	76,165,571
Net assets		**415,769,343**	305,551,502
Capital and reserves			
Share capital	31	**11,677,972**	6,406,432
Reserves		**281,164,707**	176,077,992
Equity attributable to owners of the Company		**292,842,679**	182,484,424
Non-controlling interests		**122,926,664**	123,067,078
Total equity		**415,769,343**	305,551,502

The consolidated financial statements on pages 34 to 91 were approved and authorised for issue by the board of directors on 28 June 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 2013

	Attributable to owners of the Company								
	Share capital HK$	Share premium HK$	Capital redemption reserve HK$	Convertible bonds reserve HK$	Exchange reserve HK$	(Accumulated losses) retained earnings HK$	Sub–total HK$	Non–controlling interests HK$	Total HK$
At 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 and 1 April 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
Loss for the year	–	–	–	–	–	(22,258,263)	(22,258,263)	(1,314,690)	(23,572,953)
Exchange differences arising on translation	–	–	–	–	3,084,289	–	3,084,289	1,174,276	4,258,565
Total comprehensive income (expense) for the year	–	–	–	–	3,084,289	(22,258,263)	(19,173,974)	(140,414)	(19,314,388)
Reclassification on maturity convertible bonds	–	–	–	(169,000)	–	169,000	–	–	–
Issue of shares on placing of shares	5,271,540	129,633,500	–	–	–	–	134,905,040	–	134,905,040
Transaction costs attributable to placing of shares	–	(5,372,811)	–	–	–	–	(5,372,811)	–	(5,372,811)
At 31 March 2013	11,677,972	282,494,764	176,000	–	9,355,966	(10,862,023)	292,842,679	122,926,664	415,769,343

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	2013 HK$	2012 HK$
OPERATING ACTIVITIES		
(Loss) profit before tax	**(23,565,993)**	19,161,007
Adjustments for:		
Depreciation of property, plant and equipment	**2,900,775**	2,113,639
Amortisation of prepaid lease payments	**107,107**	–
Gain on bargain purchase	**–**	(28,283,083)
Decrease in fair value of held for trading investments	**2,210,565**	3,723,300
Realised loss on held for trading investments	**1,899,070**	–
Fair value losses on derivative financial assets	**15,000**	256,000
Loss on redemption of promissory notes	**–**	266,000
Finance costs	**799,471**	2,229,844
Interest income	**(1,291,854)**	(89,621)
Operating cash flows before movements in working capital	**(16,925,859)**	(622,914)
Increase in trade receivables	**(824,803)**	(12,802,028)
Decrease in other receivables, deposits and prepayments	**1,558,877**	2,324,476
Decrease (increase) in held for trading investments	**2,391,930**	(11,997,300)
Decrease in trade and other payables	**(3,108,501)**	(6,594,845)
Decrease in advance subscriptions and licence fees received	**(287,624)**	(755,495)
NET CASH USED IN OPERATIONS	**(17,195,980)**	(30,448,106)
INVESTING ACTIVITIES		
Refund of deposit paid for acquisition of subsidiaries	**–**	130,000,000
Liquidated damage received	**–**	20,311,394
Interest received	**285,804**	89,621
Prepayments for exploration and evaluation activities	**(987,727)**	(11,650,115)
Deposit paid for acquisition of subsidiaries	**(4,800,000)**	(30,000,000)
Loans advanced to independent third parties	**(41,836,825)**	–
Repayment of loan to an independent third party	**187,545**	–
Net cash outflow from acquisition of subsidiaries	**–**	(37,840,008)
Purchases of property, plant and equipment	**(113,258)**	(42,150,865)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(47,264,461)**	28,760,027
FINANCING ACTIVITIES		
Proceeds from placing of shares	**134,905,040**	46,788,608
(Repayments to) advances from directors	**(7,955,509)**	7,308,160
(Repayment to) advance from non-controlling interest of a subsidiary	**(123,530)**	123,530
Repayment to a substantial shareholder	**(19,428,000)**	(8,000,000)
Interest paid	**(855,536)**	(608,318)
Expenses paid for placing of shares	**(5,372,811)**	(2,120,016)
Repayment of promissory notes	**(37,040,000)**	(40,000,000)
NET CASH FROM FINANCING ACTIVITIES	**64,129,654**	3,491,964
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(330,787)**	1,803,885
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**31,322,480**	29,069,220
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**403,628**	449,375
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**31,395,321**	31,322,480

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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 2013, 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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

Amendments to HKFRS 1	Serve Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfer of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

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

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

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

Amendments to HKFRSs	Annual Improvement 2009-2011 Cycle[2]
Amendments to HKFRS 1	Government Loans[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS12	Consolidated Financial statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]
HKFRS 9	Financial Insturments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangement[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[3]
HK(International Financial Reporting Interpretation Committee) ("IFRIC") – Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine[2]
HK(IFRIC) – Interpretation 21	Levies[3]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Effective for annual periods beginning on or after 1 January 2015.

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

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

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 1 Presentation of Financial Statements, the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the application of the amendments will have a material effect on the consolidated and the Company's financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 – Income Taxes. The directors anticipate that the amendments to HKAS 32 will have no effect on the consolidated and the Company's financial statements as the Group and the Company has already adopted this treatment.

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 offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to 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 amendments to HKFRS 7 are effective 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.

The directors of the Company anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 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:

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

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

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation, joint arrangements, associates 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).

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

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

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK(SIC)-Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, 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 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC) – Int 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

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

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these five standards are applied at the same time.

The directors of the Company anticipate that the application of these five standards will not have significant impact on amounts reported in the consolidated financial statements.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

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

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group.

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 the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments 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 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 on-going 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 January 2013. Specific transitional provisions are provided to entities that apply HK(IFRIC) – Int 20 for the first time. However, HK(IFRIC) – Int 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented. 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.

Other than disclosed above, the directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. 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 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 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.

Income and expenses 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 that deferred tax assets and liabilities which are recognised and measured in accordance with HKAS 12 Income Taxes.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (Continued)

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.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and 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 development is recognised when services are rendered.

Deposits and instalments received from customers prior to meeting the above criteria for 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 value on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 subsequent accumulated impairment losses, if any.

Depreciation of these assets, other than mining structures, 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.

Mining structures subsequent are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost of the mining structures using the Units of Production ("UOP") method over the total proven reserves of the coal mines.

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 value of the asset and is recognised in profit or loss in the period in which the item is derecognised.

Leasing

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

The Group as lessee

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

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.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing 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 on 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. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the 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 are treated as assets and liabilities of the 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.

3. 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 (loss) profit before tax, 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 values 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 there 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 value 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 value of its assets and liabilities.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

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).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives are recognised using the UOP method based on the proven and probable mineral reserves.

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 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.

Provision for reinstatement costs

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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 term; or

- it is a part of a portfolio of identified 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVPTL (Continued)

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. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in other income in the consolidated statement of comprehensive income.

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, loan receivables, deposit paid for acquisition of subsidiaries and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

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

For all 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 and observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

The carrying value of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, loan receivables and other receivables, where the carrying value is reduced through the use of an allowance account. Changes in the carrying value of the allowance account are recognised in profit or loss. When a trade receivable, loan receivables or 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 losses 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 value 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.

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 value on initial recognition.

Interest expense is recognised on an effective interest basis.

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, are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Convertible bonds

Convertible bonds issued by the Group that contain both the liability and conversion option components 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. The difference between the gross proceeds of the issue of the convertible bonds and the fair values assigned to the liability components, representing the conversion option for the holders to convert the bonds into equity, is included in equity (convertible bonds reserve).

In subsequent periods, the liability component of the convertible bonds 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 (accumulated losses)).

Where the option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to the retained earnings (accumulated losses). No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying value 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 value 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition (Continued)

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

Provision for reinstatement costs

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

Impairment losses on tangible and intangible assets

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying values 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.

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 values of assets and liabilities within the next financial year.

Depreciation of property, plant and equipment

Property, plant and equipment other than mining structures and construction in progress 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 other than mining structures and construction in progress. 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. The carrying value of the Group's property, plant and equipment at 31 March 2013 was HK$68,052,797 (2012: HK$54,796,160) (note 15).

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 value of these derivatives may change. The carrying value of the Group's derivative financial assets at 31 March 2013 was nil (2012: HK$15,000) (note 27).

Impairment of mining assets and property, plant and equipment

The carrying values 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 2013 were HK$315,100,600 (2012: HK$311,296,757) (note 17) and HK$68,052,797 (2012: HK$54,796,160) (note 15) 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment of exploration rights

The carrying values of exploration rights are assessed for impairment when events or changes in circumstances indicate that the carrying values 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 the carrying values cannot be recovered through further development or sales. The carrying value of the Group's exploration rights at 31 March 2013 was HK$3,473,340 (2012: HK$3,456,369) (note 17).

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. The carrying value of the Group's provision for reinstatement costs at 31 March 2013 was HK$787,689 (2012: HK$778,239) (note 29).

Estimated impairment loss on trade receivables, other receivables and loan receivables

The Group makes impairment loss based on an assessment of the recoverability of trade receivables, other receivables and loan receivables. Allowances are applied to trade receivables, other receivables and loan receivables where events or change in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. In determining whether impairment loss on receivables is required, the Group takes into consideration the current creditworthiness, the past collection history, age status and likelihood of collection. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flow expected to receive discounted using the original effective interest rate and its carrying value. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The carrying value of the Group's trade receivables, other receivables and loan receivables was HK$6,375,134 (2012: HK$20,745,040) (note 19), HK$1,495,423 (2012: HK$2,453,761) and HK$41,649,280 (2012: nil) (note 21) respectively.

5. 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 and 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.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2013 **HK$**	2012 HK$
Financial assets		
FVTPL:		
Derivative financial assets	**–**	15,000
Held for trading investment	**1,772,435**	8,274,000
	1,772,435	8,289,000
Loans and receivables (including bank balances and cash)	**117,403,606**	86,020,576
Financial liabilities		
Other financial liabilities at amortised cost	**19,123,671**	91,512,346

(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, interest rate risk and other price 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.

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

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 values 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	
	2013	2012
	HK$	HK$
Renminbi ("RMB")	**10,188,683**	10,131,997

Sensitivity analysis

The Group is mainly exposed to the currency of RMB.

For a 5% (2012: 5%) strengthening/weakening of RMB against HK$, the Group's post-tax loss (2012: profit) for the year would decrease/increase (2012: increase/decrease) by HK$509,434 (2012: HK$506,600). 5% (2012: 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% (2012: 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.

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (Continued)

(iii) Other price risk (Continued)

Sensitivity analysis

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

If the price of the equity investment had been 5% (2012: 5% higher/lower, the post-tax loss (2012: profit) for the year would decrease/increase (2012: increase/decrease) by HK$88,622 (2012: HK$413,700) as a result of the change in fair value of held for trading investment.

Credit risk

As at 31 March 2013, 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 value 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 34% (2012: 72%) and 76% (2012: 91%) 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 Hong Kong (2012: the PRC), which accounted for 75% (2012: 72%) of the total trade receivables as at 31 March 2013.

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 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.

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (Continued)

	On demand or less than one year HK$	Total undiscounted cash flows HK$	Carrying value HK$
As at 31 March 2013			
Trade and other payables	**12,158,814**	**12,158,814**	**12,158,814**
Amount due to a substantial shareholder	**754,385**	**754,385**	**754,385**
Amount due to directors	**1,834,821**	**1,834,821**	**1,834,821**
Amount due to non-controlling interest of a subsidiary	**4,375,651**	**4,375,651**	**4,375,651**
	19,123,671	**19,123,671**	**19,123,671**
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 of a subsidiary	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

(c) Fair value

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

The fair value of held for trading investment with standard terms and conditions 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 values due to their short-term maturities.

6. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (Continued)

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 value of the Group's held for trading investment of HK$1,772,435 (2012: HK$8,274,000) as at 31 March 2013 fall within Level 1 fair value measurement.

The fair value of the Group's derivative financial assets of HK$15,000 as at 31 March 2012 fall within level 2 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.

7. TURNOVER AND SEGMENT INFORMATION

The Group's operating segments are determined based on the information reported to the Board of Directors, being the chief operating decision maker, 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.

7. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Segment revenues and results

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

For the year ended 31 March 2013

	Financial quotation and securities trading system licensing HK$	Mining operations HK$	Total HK$
Turnover	**66,181,538**	**2,566,375**	**68,747,913**
Segment loss	**(138,279)**	**(2,533,951)**	**(2,672,230)**
Unallocated corporate income and gains			**1,155,614**
Unallocated corporate expenses and losses			**(21,249,906)**
Finance costs			**(799,471)**
Loss before tax			**(23,565,993)**

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	39,514,937
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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment loss (2012: profit) represents the loss from (2012: profit earned by) each segment without allocation of directors' salaries, certain interest income, certain other income, certain general and administrative expenses and finance costs. This is the measure reported to the Board of Directors for the purposes of resource allocation and performance assessment.

7. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

	2013 HK$	2012 HK$
Segment assets		
Financial quotation and securities trading system licensing	**35,381,260**	37,865,840
Mining operations	**401,839,872**	396,806,234
Unallocated corporate assets	**83,966,578**	43,275,298
Consolidated total assets	**521,187,710**	477,947,372

	2013 HK$	2012 HK$
Segment liabilities		
Financial quotation and securities trading system licensing	**10,256,029**	12,712,605
Mining operations	**91,609,565**	88,954,715
Unallocated corporate liabilities	**3,552,773**	70,728,550
Consolidated total liabilities	**105,418,367**	172,395,870

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, deposit paid for acquisition of subsidiaries, derivative financial assets, held for trading investment 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.

7. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Other segment information

	Financial quotation and securities trading system licensing HK$	Mining operations HK$	Unallocated HK$	Total HK$
2013				
Amounts included in the measure of segment results or segment assets:				
Depreciation of property, plant and equipment	**394,938**	**2,128,473**	**377,364**	**2,900,775**
Amortisation of prepaid lease payment	**–**	**107,107**	**–**	**107,107**
Additions to non-current assets	**255,133**	**16,054,880**	**13,124**	**16,323,137**
Interest income	**(284,880)**	**–**	**(1,006,974)**	**(1,291,854)**
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	**–**	**–**	**15,000**	**15,000**
Decrease in fair value of held for trading investments	**–**	**–**	**2,210,565**	**2,210,565**
Realised loss on held for trading investments	**–**	**–**	**1,899,070**	**1,899,070**
Finance costs	**–**	**–**	**799,471**	**799,471**
Income tax expense	**–**	**6,960**	**–**	**6,960**
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
Interest income	(88,765)	–	(856)	(89,621)
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
Finance costs	–	–	2,229,844	2,229,844
Income tax expense	–	2,139,436	–	2,139,436

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

7. 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:

	2013 HK$	2012 HK$
Revenue from financial quotation and securities trading system licensing services	**65,620,620**	81,906,106
Revenue from wireless applications	**560,918**	519,089
Revenue from mining operations	**2,566,375**	32,600,319
	68,747,913	115,025,514

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 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 based on the location of operations and information about its non-current assets by geographical location.

	Hong Kong		PRC (excluding Hong Kong)		Total	
	2013 HK$	2012 HK$	**2013 HK$**	2012 HK$	**2013 HK$**	2012 HK$
For the year ended 31 March						
Segment revenue	**66,181,538**	82,425,195	**2,566,375**	32,600,319	**68,747,913**	115,025,514
As at 31 March						
Non-current assets	**1,592,576**	1,946,421	**399,452,933**	380,967,576	**401,045,509**	382,913,997

Information about major customers

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

	2013 HK$	2012 HK$
Customer A[1]	**33,975,350**	46,862,341
Customer B[2]	–	32,600,319

1 Revenue from financial quotation and securities trading system licensing services
2 Revenue from mining operations

8. OTHER INCOME

	2013 HK$	2012 HK$
Bank interest income	**285,804**	89,621
Exchange gains	**148,640**	329,624
Loan interest income	**1,006,050**	–
	1,440,494	419,245

9. FINANCE COSTS

	2013 HK$	2012 HK$
Imputed interest expenses on convertible bonds	**148,000**	2,025,779
Interest on promissory notes wholly repayable within 5 years	**604,055**	204,065
Loan interest expense to a former director (note a)	**47,416**	–
	799,471	2,229,844

Note:

(a) An amount due to a former director of HK$3,160,000 together with an interest of HK$47,416 had been settled during the year ended 31 March 2013. The interest was charged after the resignation of the director during the year.

10. (LOSS) PROFIT BEFORE TAX

(Loss) profit before tax has been arrived at after charging:

	2013 HK$	2012 HK$
Depreciation of property, plant and equipment	**2,900,775**	2,113,639
Auditor's remuneration	**835,000**	766,000
Employee benefit expenses (note 11)	**19,179,554**	16,771,936
Amortisation of prepaid lease payments	**107,107**	–
Minimum lease payments under operating leases in respect of land and buildings	**3,419,643**	3,323,051

11. EMPLOYEE BENEFIT EXPENSES

	2013 HK$	2012 HK$
Wages, salaries and other benefits (including directors' remunerations)	**18,691,178**	16,357,707
Retirement benefit costs (including directors' remunerations) – defined contribution scheme (note a)	**488,376**	414,229
	19,179,554	16,771,936

11. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Retirement benefit costs – defined contribution schemes

No forfeited contribution was available at the end of the reporting period to reduce future contributions (2012: nil).

(b) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 March 2013 is set out below:

Name of director	Fees HK$	Salary HK$	Discretionary bonus HK$ (Note)	Employer's contribution to provident fund HK$	Total HK$
Executive directors					
Chen Jiasong (Chairman)	650,000	118,527	1,500,000	3,457	2,271,984
Cheung Wai Shing	598,000	–	1,500,000	14,500	2,112,500
Song Gao Feng	60,000	–	–	–	60,000
Ma Sai	120,000	–	–	–	120,000
Choy Kai Chung, Andy (resigned on 18 February 2013)	106,071	–	–	–	106,071
Lau Kevin (resigned on 18 February 2013)	212,143	–	–	–	212,143
	1,746,214	118,527	3,000,000	17,957	4,882,698
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
Chen Haoyun, Jordy (appointed on 28 December 2012)	31,290	–	–	–	31,290
Lee Ho Yiu, Thomas (resigned on 18 February 2013)	106,071	–	–	–	106,071
	377,361	–	–	–	377,361
Chief executive officer					
Zhao Bao Long	–	1,300,000	–	14,500	1,314,500
TOTAL	2,183,575	1,418,527	3,000,000	32,457	6,634,559

Note: Discretionary bonus for the year ended 31 March 2013 was determined with reference to the Group's operating results, individual performance and comparable market statistics.

11. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Directors' and chief executive's emoluments (Continued)

The remuneration of every director and the chief executive 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
Chief executive officer				
Zhao Bao Long	–	1,300,000	10,000	1,310,000
TOTAL	2,380,196	1,455,130	37,600	3,872,926

No emoluments were paid by the Group to any directors or the chief executive 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 2013 and 2012.

No director or the chief executive waived or agreed to waive his emoluments in the two years ended 31 March 2013 and 2012.

11. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(c) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2012: three) were directors and the chief executive of the Company whose emoluments are disclosed in note (b) above. The emoluments of the remaining two (2012: two) individuals were as follows:

	2013 HK$	2012 HK$
Basic salaries, housing allowances, other allowances and benefits in kind	**1,541,000**	1,287,000
Contributions to retirement schemes	**30,000**	24,000
	1,571,000	1,311,000

The emoluments fell within the following band:

	Number of individuals 2013	 2012
Nil – HK$1,000,000	**2**	2

12. DIVIDEND

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of the reporting period (2012: nil).

13. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made in current year as there are no profits chargeable to Hong Kong Profits Tax. No provision for Hong Kong Profits Tax has been made in 2012 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:

	2013 HK$	2012 HK$
Current tax:		
PRC Enterprise Income Tax	**6,960**	2,139,436

13. INCOME TAX EXPENSE (CONTINUED)

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

	2013 HK$	2012 HK$
(Loss) profit before tax	**(23,565,993)**	19,161,007
Calculated at the rates applicable to (loss) profit in the tax jurisdictions concerned	**(4,340,952)**	3,689,580
Tax effect of income not taxable for tax purpose	**(111,884)**	(4,786,979)
Tax effect of expenses not deductible for tax purpose	**2,616,038**	3,723,261
Utilisation of tax losses previously not recognised	**(10,165)**	(486,426)
Tax effect of tax losses not recognised	**1,853,923**	–
Income tax expense	**6,960**	2,139,436

Details of deferred tax are set out in note 30.

14. (LOSS) EARNINGS PER SHARE

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

	2013 HK$	2012 HK$
(Loss) profit for the year attributable to owners of the Company	**(22,258,263)**	12,554,422
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,050,216,991**	633,851,821

The computation of diluted (loss) earnings per share for both years ended 31 March 2013 and 2012 does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in a decrease (2012: increase) in loss (2012: earnings) per share.

15. 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 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	42,805,946
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	1,901,025
At 31 March 2012 and 1 April 2012	39,129,037	14,633,482	2,061,372	12,511,817	829,441	69,165,149
Additions	15,031,718	–	–	267,657	36,035	15,335,410
Written-offs	–	–	–	(902,706)	–	(902,706)
Exchange realignment	729,344	212,473	4,317	2,283	1,453	949,870
At 31 March 2013	**54,890,099**	**14,845,955**	**2,065,689**	**11,879,051**	**866,929**	**84,547,723**
ACCUMULATED DEPRECIATION						
At 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 and 1 April 2012	251,597	950,983	768,122	11,837,405	560,882	14,368,989
Provided for the year	534,337	1,584,544	241,141	414,604	126,149	2,900,775
Eliminated on written-offs	–	–	–	(902,706)	–	(902,706)
Exchange realignment	55,359	66,402	3,778	1,566	763	127,868
At 31 March 2013	**841,293**	**2,601,929**	**1,013,041**	**11,350,869**	**687,794**	**16,494,926**
CARRYING VALUES						
At 31 March 2013	**54,048,806**	**12,244,026**	**1,052,648**	**528,182**	**179,135**	**68,052,797**
At 31 March 2012	38,877,440	13,682,499	1,293,250	674,412	268,559	54,796,160

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

Mining structures	UOP method or $6^2/_3$ years, whichever is appropriate
Plant and machinery	$6^2/_3$ years
Leasehold improvements	3 years or over the lease term
Computer equipment	3 years
Furniture and fixtures	3-5 years

16. 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 PRC.

The current portion of the prepaid lease payments of HK$108,464 (2012: HK$107,162) was included in other receivables, deposits and prepayments in the consolidated statement of financial position.

17. INTANGIBLE ASSETS

	Mining right and reserves HK$	Exploration rights HK$	Total HK$
COST			
At 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 and 1 April 2012	311,296,757	3,456,369	314,753,126
Exchange realignment	3,803,843	16,971	3,820,814
At 31 March 2013	**315,100,600**	**3,473,340**	**318,573,940**
ACCUMULATED AMORTISATION			
At 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013	–	–	–
CARRYING VALUES			
At 31 March 2013	**315,100,600**	**3,473,340**	**318,573,940**
At 31 March 2012	311,296,757	3,456,369	314,753,126

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

18. PREPAYMENTS FOR EXPLORATION AND EVALUATION ACTIVITIES

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

19. TRADE RECEIVABLES

	2013 **HK$**	2012 HK$
Trade receivables	**6,375,134**	20,745,040

The Group did not hold any collateral over its trade receivables.

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 normally allowed a credit period of 180 days for its trade receivable from the mining operations.

The following is an aging analysis of the Group's trade receivables presented based on the invoice date, which approximated the respective revenue recognition dates, at the end of reporting period.

	2013 **HK$**	2012 HK$
0 – 3 months	**4,760,656**	20,697,326
4 – 6 months	**1,614,478**	37,814
Over 6 months	**–**	9,900
	6,375,134	20,745,040

At the end of reporting period, included in the Group's trade receivables balance were with debtors with aggregate carrying value of approximately HK$4,799,756 (2012: HK$5,705,510) which were past due as at the reporting date.

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

	2013 **HK$**	2012 HK$
0 – 3 months	**4,760,656**	5,657,796
4 – 6 months	**39,100**	37,814
Over 6 months	**–**	9,900
	4,799,756	5,705,510

Trade receivables that were neither pass due nor impaired were due to a wide range of customers for whom there was no recent history of default.

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2013 HK$	2012 HK$
Liquidated damage receivable (note a)	–	1,988,606
Interest receivable	1,006,050	–
Other receivables, deposits and prepayments	3,143,981	2,688,249
	4,150,031	4,676,855

Note:

(a) The amount represented liquidated damage from an independent third party resulted from the termination of an acquisition of a gold smelting and refinery business in the PRC in January 2011. The amount was settled during the year ended 31 March 2013.

21. LOAN RECEIVABLES

(a) As at 31 March 2013, included in loan receivables was HK$40,000,000 advanced to an independent third party, which was unsecured, repayable within eight months from the signing of agreement and carried interest at 6% per annum.

(b) As at 31 March 2013, the remaining balance of HK$1,649,280 represented advanced to an independent third party, which were unsecured, repayable from six to twelve months from the signing of agreements and carried interest at 1.2% per annum.

22. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES

(a) 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 (the "Deposit") of HK$30,000,000 was paid during the year ended 31 March 2012 in such respect.

On 1 May 2013, the Group entered into a deed of termination with that independent third party to terminate the acquisition as the acquisition has been delayed significantly without any parties' fault, and agreed that it is no longer in the parties' interest to carry on with the acquisition in light of the prevailing market conditions. Further details of the termination of the acquisition were set out in the Company's announcement dated 1 May 2013. The deposit was subsequently refunded in full.

(b) On 28 March 2013, the Group acquired a motor vehicle and a vehicle license through the acquisition of the entire interest in Take Industry Investment Limited at a consideration of HK$4,800,000. A deposit of HK$4,800,000 was paid during the year ended 31 March 2013 in such respect.

23. HELD FOR TRADING INVESTMENT

	2013 HK$	2012 HK$
Equity securities listed in Hong Kong, at fair value	**1,772,435**	8,274,000

The fair value of the listed equity securities at the end of the reporting period is determined based on the quoted market bid price available on the relevant exchange and a fair value loss of HK$2,210,565 (2012: HK$3,723,300) was recognised in profit or loss for the year ended 31 March 2013.

During the year ended 31 March 2013, the Group disposed of certain listed equity securities and a realised loss on held for trading investments of HK$1,899,070 was recognised in profit or loss for the year.

24. BANK BALANCES AND CASH

	2013 HK$	2012 HK$
Cash at bank and in hand	**21,383,321**	21,420,490
Short-term time deposits	**10,012,000**	9,901,990
	31,395,321	31,322,480

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

As at 31 March 2013, the effective interest rate on short-term time deposits was 2.55% (2012: 2.25%). These deposits had an average original maturity of 30 days.

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

	2013 HK$	2012 HK$
HK$	**19,122,627**	20,300,263
RMB	**12,272,694**	11,022,217
	31,395,321	31,322,480

25. TRADE AND OTHER PAYABLES

	2013 HK$	2012 HK$
Trade payables (notes a and b)	**6,976,124**	9,268,439
Receipt in advance	**4,747,879**	–
Other payables and accrued charges	**5,182,690**	10,675,946
	16,906,693	19,944,385

Notes:

(a) The aging of trade payables were within 3 months based on the due date at the end of the reporting period.

(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.

27. CONVERTIBLE BONDS (CONTINUED)

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.

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 bore interest of 4% per annum and is unsecured.

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

The principal terms of the 2010 CBs were as follow:

- Conversion rights were 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 were 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 had not been converted, it would 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.

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

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

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 were as follows:

- Extended 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.

27. CONVERTIBLE BONDS (CONTINUED)

Details of the deed of amendment had 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 on 9 January 2012.

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$	Equity HK$	Total HK$
At 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
At 31 March 2012 and 1 April 2012	21,692,000	(15,000)	169,000	21,846,000
Changes in fair value	–	15,000	–	15,000
Reclassification to promissory notes (note 28)	(21,840,000)	–	(169,000)	(22,009,000)
Interest expense	148,000	–	–	148,000
At 31 March 2013	**–**	**–**	**–**	**–**

At the date of issue of the 2011 CBs and 31 March 2012, the fair value 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 were calculated using the Black-Scholes option pricing model. The major inputs in the model as at 9 May 2011 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	0.51%	1.59%
Expected life	38 days	365 days
Risk free rate	0.07%	0.26%
Expected dividend yield	Nil	Nil

Any changes in the major inputs used in the model will result in changes in the fair value of the liability component. The variables and assumptions used in calculating the fair value of the liability component are based on the Directors' best estimates.

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 of HK$39,734,000 at the date of issue were redeemed by the Group during the year ended 31 March 2012 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 convertible bonds issued on 13 September 2010. The promissory notes were matured on 13 September 2012 and were settled during the year.

(c) On 9 May 2012, the Group entered into an agreement with the holders of the 2011 CBs for the substitution of the outstanding principal of the 2011 CBs of HK$21,840,000 by promissory notes bearing interest of 4% per annum. The promissory notes were matured on 8 November 2012 and were settled during the year.

29. PROVISION FOR REINSTATEMENT COSTS

	2013 **HK$**	2012 HK$
At 1 April	**778,239**	–
Acquisition of subsidiaries	**–**	778,239
Exchange realignment	**9,450**	–
At 31 March	**787,689**	778,239

Mining activities may result in land subsidence and damage to the environment of the mining areas. Pursuant to the relevant PRC regulations, the Group is required to restore the mining areas back to certain acceptable conditions.

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 thereon during the current and prior years:

	Accelerated tax depreciation HK$	Tax losses HK$	Fair value adjustments HK$	Total HK$
At 1 April 2011	29,794	(29,794)	–	–
Acquisition of subsidiaries	–	–	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 and 1 April 2012	24,080	(24,080)	75,387,332	75,387,332
Charged (credited) to the consolidated statement of comprehensive income	16,135	(16,135)	–	–
Exchange realignment	–	–	915,119	915,119
At 31 March 2013	**40,215**	**(40,215)**	**76,302,451**	**76,302,451**

At 31 March 2013, deferred tax assets of HK$40,215 (2012: HK$24,080) 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 HK$158,352,207 (2012: HK$147,080,130) available for offset against future profits. A deferred tax asset has been recognised in respect of such tax losses of HK$243,727 (2012: HK$145,938). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$158,108,480 (2012: HK$146,934,192) due to unpredictability of future profits streams. Tax losses of the Group can be carried forward indefinitely.

31. SHARE CAPITAL

	2013 No. of shares	**2013** Amount HK$	2012 No. of shares	2012 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	**640,643,200**	**6,406,432**	567,536,000	5,675,360
Issue of shares on placing	**527,154,000**	**5,271,540**	73,107,200	731,072
At 31 March	**1,167,797,200**	**11,677,972**	640,643,200	6,406,432

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.

31. SHARE CAPITAL (CONTINUED)

On 15 May 2012, 86,154,000 ordinary shares of HK$0.01 each were placed at a price of HK$0.26 per share and raised net proceeds of HK$21,740,024.

On 26 June 2012, 41,000,000 ordinary shares of HK$0.01 each were placed at a price of HK$0.305 per share and raised net proceeds of HK$12,092,360.

On 29 June 2012, 400,000,000 ordinary shares of HK$0.01 each were placed at a price of HK$0.25 per share and raised net proceeds of HK$95,699,845.

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 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 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.

32. SHARE OPTION SCHEME (CONTINUED)

(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.

(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 was 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 2013 and 2012.

There is no outstanding option under the Share Option Scheme as at 31 March 2013 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	:	4% 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 value 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 2012 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.

Included in the profit for the year ended 31 March 2012 attributable to the owners of the Group was profit of HK$6,273,850 attributable to Jun Qiao Subgroup. Turnover of the Group for the year ended 31 March 2012 included HK$32,600,319 contributed by Jun Qiao Subgroup.

Had the acquisition of Jun Qiao Subgroup been completed on 1 April 2011, the turnover of the Group for the year ended 31 March 2012 would have been HK$115,025,514, and profit for the year ended 31 March 2012 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.

In determining the 'pro-forma' revenue and profit of the Group had Jun Qiao Subgroup been acquired at the beginning of the current year, the directors had:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying values recognised in the pre-acquisition financial statements; and

- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

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 LEASE 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:

	2013 **HK$**	2012 HK$
Within one year	**2,560,007**	2,816,814
In the second to fifth years inclusive	**774,063**	3,162,850
	3,334,070	5,979,664

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 6 years. Rentals were fixed at the inception of the leases.

35. CAPITAL COMMITMENTS

	2013 **HK$**	2012 HK$
Contracted but not provided for capital commitment in respect of the acquisition of:		
– Subsidiaries	**170,000,000**	170,000,000
– Property, plant and equipment	**–**	998,493
	170,000,000	170,998,493

36. NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2013, promissory notes of HK$21,840,000 were reclassified from convertible bonds under an agreement as set out in note 27.

(b) During the year ended 31 March 2013, the purchase of property, plant and equipment of HK$15,222,152 of the Group was settled by a customer on behalf of the Group.

(c) 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.

(d) During the year ended 31 March 2012, 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.

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

	2013 **HK$**	2012 HK$
Short-term employee benefits	**6,602,102**	3,835,326
Post-employment benefits	**32,457**	37,600
	6,634,559	3,872,926

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 are eligible to participate in 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 before 1 June 2012, and HK$1,250 per month from 1 June 2012 onwards). 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

	2013 HK$	2012 HK$
Non-current assets		
Property, plant and equipment	**1,116,744**	1,336,603
Interests in subsidiaries	**163,987,366**	159,494,154
	165,104,110	160,830,757
Current assets		
Other receivables, deposits and prepayments	**1,600,773**	2,600,778
Deposit paid for acquisition of subsidiaries	**34,800,000**	30,000,000
Derivative financial assets	**–**	15,000
Loan receivables	**40,000,000**	–
Bank balances and cash	**104,603**	139,103
	76,505,376	32,754,881
Current liabilities		
Other payables	**1,709,030**	2,709,536
Amount due to a substantial shareholder (note a)	**754,385**	20,182,385
Amounts due to directors (note a)	**1,834,821**	7,926,645
Convertible bonds	**–**	21,692,000
Promissory notes	**–**	15,404,065
	4,298,236	67,914,631
Net current assets (liabilities)	**72,207,140**	(35,159,750)
	237,311,250	125,671,007
Capital and reserves		
Share capital	**11,677,972**	6,406,432
Share premium	**282,494,764**	158,234,075
Capital redemption reserve	**176,000**	176,000
Convertible bonds reserve	**–**	169,000
Accumulated losses	**(57,037,486)**	(39,314,500)
Total equity	**237,311,250**	125,671,007

Note:

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

40. PARTICULAR OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries as at 31 March 2013 and 2012 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and paid-up capital	Proportion ownership interest held by the Company Directly	Indirectly	Principal activities
ABC QuickSilver Limited	British Virgin Islands/Hong Kong	US$25	–	50.97% (2012: 50.97%)	Wireless application development
QuotePower International Limited	Hong Kong	HK$67,264,000	–	50.97% (2012: 50.97%)	Financial information services and securities trading system licensing
Tong Bai County Yin Di Mining Company Limited	PRC	RMB500,000	–	54.00% (2012: 54.00%)	Extraction and sale of mineral products
Xin Jiang Xin Jiany Yuan Mining Company Limited	PRC	RMB3,000,000	–	51.30% (2012: 51.30%)	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.

41. EVENTS AFTER THE REPORTING PERIOD

(a) On 28 March 2013, the Group entered into a sale and purchase agreement with an independent third party to acquire a motor vehicle and a vehicle license through the acquisition of the entire interest in Take Industry Investment Limited at a consideration of HK$4,800,000. The transaction was completed in April 2013.

(b) On 1 May 2013, the Group and the vendor entered into a deed of termination to terminate the proposed acquisition of Billion Light Holdings Limited. The directors of the Company considered that it is in the best interest of the Company to terminate the acquisition in light of the significant delay in the acquisition and the prevailing market conditions.

Pursuant to the Deed, the vendor agreed to repay the Deposit of HK$30,000,000 to the Company, the Deposit was subsequently refunded in full.

(c) On 16 May 2013, the Company entered into a non-legally binding Memorandum of Understanding with an independent third party to acquire the entire interest in Giant Purity Limited at a total consideration of not exceeding HK$500,000,000. Further details were set out in the Company's announcements dated 19 May 2013.

(d) On 10 June 2013, the Company entered into a placing agreement with a placing agent to place up to 233,000,000 new shares of HK$0.01 each to independent investors at a price of HK$0.15 per share. The placing is not completed up to the date of these financial statements.

Five-Year Financial Summary

	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
Turnover	108,879	130,258	103,409	115,025	**68,747**
(Loss) profit before income tax	70,566	(2,921)	(22,356)	19,161	**(23,566)**
Taxation (charge) credit	(1,225)	–	–	(2,139)	**(7)**
(Loss) profit after taxation	69,341	(2,921)	(22,356)	17,021	**(23,573)**
(Loss) profit attributable to shareholders	68,552	(5,266)	(23,144)	12,554	**(22,258)**
(Loss) profit attributable to shareholders per share	14.7 cents	(1.1) cents	(4.6) cents	1.98 cents	**(2.12) cents**
ASSETS AND LIABILITIES					
Total assets	34,796	196,591	193,784	477,947	**521,187**
Current liabilities	(19,659)	(145,422)	(63,950)	(96,230)	**(28,328)**
Funds employed	15,137	51,169	129,834	381,717	**492,859**
Shareholders' fund	15,137	51,169	129,834	182,484	**292,843**
Provision for reinstatement costs and deferred taxation	–	–	–	76,166	**77,090**
Funds employed	15,137	51,169	129,834	258,650	**369,933**
Return on average shareholders' fund (%)	44.8	(15.9)	(25.6)	8.0	**(9.4)**
Dividends per share	58.66 cents	–	–	–	**–**