Grand T G
Gold Holdings Ltd.

Grand T G Gold Holdings Limited
大 唐 潼 金 控 股 有 限 公 司

(Incorparated in the Cayman Islands with limited liability)
(Stock Code : 8299)

Annual Report 2008/2009

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

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

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

This report, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with The Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business	Units 07-08, 28th Floor Office Tower, Convention Plaza 1 Harbour Road Wanchai, Hong Kong
Executive Directors	Mr. Chan Hing Yin *(Chairman)* Mr. Wong Kin Yick, Kenneth Mr. Zhao Baolong, Bill
Non-Executive Director	Mr. Lee Sing Leung, Robin
Independent Non-Executive Directors	Mr. Deng Xiang Xiong Mr. Orr Joseph Wai Shing Mr. Jiao Zhi
Company secretary	Mr. Ho Wing Kai
Compliance officer	Mr. Chan Hing Yin
Audit committee	Mr. Orr Joseph Wai Shing *(Chairman of Audit Committee)* Mr. Deng Xiang Xiong Mr. Jiao Zhi
Remuneration committee	Mr. Deng Xiang Xiong *(Chairman of Remuneration Committee)* Mr. Orr Joseph Wai Shing Mr. Jiao Zhi Mr. Chan Hing Yin
Authorised representatives	Mr. Chan Hing Yin Mr. Ho Wing Kai

CORPORATE INFORMATION

Process agent under Part XI of the Companies Ordinance	Mr. Chan Hing Yin
Principal share registrar and transfer office	The Bank of Bermuda (Cayman) Limited P.O. Box 513 GT Strathvale House, North Church Street George Town, Grand Cayman Cayman Islands, BWI
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Auditors	Parker Randall CF (H.K.) CPA Limited *Certified Public Accountants* Room 201, 2nd Floor Two Grand Tower 625 Nathan Road Kowloon, Hong Kong
Principal bankers	Wing Hang Bank Limited Bank of China (Hong Kong) Limited Chiyu Banking Corporation Limited Wing Lung Bank Limited
Stock code	8299
Company homepage/website	http://www.grandtg.com http://www.aplushk.com/clients/8299GrandTG/

LETTER TO SHAREHOLDERS

On behalf of the board of directors (the "Board") of Grand T G Gold Holdings Limited (the "Company") (formerly known as "Espco Technology Holdings Limited"), together with its subsidiaries, (the "Group"), I hereby present the Company's annual report for the year ended 31 March 2009.

BUSINESSES

The Group is principally engaged in gold exploration, mining and mineral processing in the People's Republic of China ("PRC"). It also involves in the design, manufacture and distribution of desktop personal computer display cards business.

FINANCIAL RESULTS

The Group recorded a total revenue of approximately HK$124.4 million (2008: HK$250.9 million), representing a decrease of approximately 50.4% over the last year. Loss attributable to shareholders amounted to approximately HK$92.4 million (2008: HK$11.6 million), representing an increase of approximately HK$80.8 million over the last year.

Gold Mining Division

During the period from 1 May 2008 to 31 March 2009, this business division recorded a turnover of approximately HK$34.5 million with a gross profit of approximately HK$6.6 million and a segment loss of approximately HK$10.3 million.

PC Component Division

Due to the recent global financial turmoil and the economic downturn, turnover of this business segment decreased by 64.2% to approximately HK$89.9 million (2008: approximately HK$250.9 million). Its segment results dropped by HK$15.3 million to a loss of approximately HK$25.7 million (2008: loss of approximately HK$10.4 million).

BUSINESS REVIEW AND PROSPECT

Due to the recent global financial turmoil and the economic downturn, the performance of the PC Component Division had been adversely affected. This together with the need to upgrading the mining and milling facilities and the reorganisation of the corporate and management structure of the Gold Mining Division, the Group recorded an audited consolidated loss of HK$95.2 million for the year ended 31 March 2009.

The Board believes that the demand for personal computer products will continue to be significantly depressed as the global financial turmoil persists. As such, the Group will scale down the operation of the PC Component Division, and streamline it in order to minimize the loss of this division.

Contrary to with the PC Component Division, the Board is optimistic about the future of its Gold Mining Division. The Board believes that the upgrading of the mining and milling facilities and the reorganisation of the corporate and management structure of the Gold Mining Division (if successfully completed) will in the long run be reflected in the profitability of the Group and the performance of the shares of the Company. The Board will closely monitor their development.

Moreover, subsequent to the outbreak of the global financial turmoil in September 2008, international gold price has taken up an upward trend again since November 2008. Fear of future inflation and ongoing financial uncertainty has also seen investors seek out gold for wealth preservation. In the first quarter of 2009, total demand for gold rose 38% year on year to 1,016 tonnes globally. China's economy, while suffering, remained strong relative to most other countries. China recorded a positive 3% growth in gold jewellery demand in the first quarter of 2009, and has further increased its gold holdings by more than 75% to 1,054 tonnes. These are evidence of the growing recognition of gold's growing prominence in providing stability in the uncertain financial markets as a reserve asset as well as in investment markets. The Board believes that ongoing concerns over the health of the world's financial sector, global recession and price stability will continue to provide support to international gold price. As such, the Group will continue to put a major focus on its gold mining business. Apart from adopting the following strategies, the Group will strive for early completion of its existing works of upgrading the mining and milling facilities and the reorganisation of the corporate and management structure of the Gold Mining Division so as to gain maximum benefit from the opportunity arising from the present financial turmoil:

- enhance the existing production capacity
- building of additional ducts to gold veins of the mines owned by the Group
- continue the efforts in exploration and to increase the Group's resources
- further acquisition of additional exploration and mining rights

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2009 (2008: Nil).

CHANGE OF COMPANY NAME

In view of the change of the Group's principal activity, the Company had changed its name from "Espco Technology Holdings Limited 易盈科技控股有限公司" to "Grand T G Gold Holdings Limited" with the adoption of "大唐潼金控股有限公司" as its Chinese name for identification purpose with effect from 8 August 2008.

AUDITORS

The former auditor of the Company was Graham H.Y. Chan & Co. who tendered its resignation on 24 April 2009. The financial statements were audited by Parker Randall CF (H.K.) CPA Limited, Certified Public Accountants, who will retire at the conclusion of the forthcoming annual general meeting and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Parker Randall CF (H.K.) CPA Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our gratitude to our shareholders for their continued support and all of our employees for their dedicated services.

WONG KIN YICK, KENNETH
Executive Director

Hong Kong, 26 June 2009

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 March 2009, the Group recorded a total revenue of approximately HK$124.4 million (2008: HK$250.9 million) and loss attributable to shareholders of approximately HK$92.4 million (2008: HK$11.6 million) representing a decrease of approximately 50.4% and an increase of approximately 696.6% when compared to those of last year. Basic loss per share for the year is approximately HK1.41 cents (2008: HK0.32 cents). The Group's overall gross loss margin for the year was approximately 0.9%. The decreases in total revenue and gross profit margin were mainly attributable to the keen competition in the desktop display card market and the reorganisation in the Gold Mining Division. An impairment of trade receivables of the Group amounting to HK$10.9 million was made during the year. The finance costs for the year amounted to HK$47.7 million (2008: HK$0.5 million).

REVENUE ANALYSIS

The Group is principally engaged in (i) gold exploration, mining and mineral processing in the People's Republic of China; and (ii) the design, manufacture and distribution of desktop PC components. Revenues recognised in the current and previous years are as follows:

	For the year ended 31 March			
	2009		2008	
	Revenue	**Portion**	Revenue	Portion
	HK$'000		*HK$'000*	
Gold exploration, mining and mineral processing	**34,512**	**28%**	–	–
Sales of own manufactured goods	**87,164**	**70%**	216,930	86%
Trading of PC components	**1,376**	**1%**	22,529	9%
Processing fee income	**1,384**	**1%**	8,252	4%
Handling income	**–**	**–**	3,192	1%
Total	**124,436**	**100%**	250,903	100%

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations by cash flow generated from sales and from its banking facilities. As at 31 March 2009, the Group had net current liabilities of approximately HK$13,825,000 (2008: net current assets of approximately HK$59,044,000) of which approximately HK$9,966,000 (2008: HK$19,961,000) was cash and bank balances while current portion of interest bearing borrowings was approximately HK$28,111,000 (2008: HK$64,000). As at 31 March 2009, the Group had total banking facilities of approximately HK$28,111,000 (2008: HK$16,000,000), all (2008: none) of which had been utilized. The Group's banking facilities were secured on the mining right owned by the Group (2008: secured on leasehold land and buildings with an aggregate net book value of HK$6,350,000 and by corporate guarantees executed by the Company).

In view of the current cash position, with the banking facilities available and the expected future cash flow from operations, the Directors believe that the Group has sufficient financial resources to meet its operation needs.

FOREIGN EXCHANGE EXPOSURE

Most of the operation and trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars ("HK dollars"), Renminbi ("RMB'), United States dollars ("US dollars"). During the year ended 31 March 2009, 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 HK dollars, RMB and US dollars, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 31 March 2009, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

EMPLOYEE INFORMATION

The remuneration for the employees of the Group amounted to approximately HK$25,236,000 (2008: HK$13,984,000) including Directors' emoluments of approximately HK$6,052,000 (2008: HK$2,182,000) for the year ended 31 March 2009. As at 31 March 2009, the Group employed 376 (2008: 316) employees in the PRC, Hong Kong, Singapore and Macau.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year, the Company completed the acquisition of the entire equity interest of SSC Mandarin Mining Investment Limited (the "Acquisition"), which now holds an indirect effective 72% equity interest in Tongguan Taizhou Mining Company Limited ("Taizhou Mining") through an intermediate company and a Sinoforeign joint venture company in the PRC, of which a wholly-owned subsidiary of the China Gold Association is also an equity holder.

The principal business of Taizhou Mining has been gold exploration, mining and minerals processing in the PRC.

The Group did not have any material disposals of subsidiaries during the year.

GEARING RATIO

The Group's gearing ratio as at 31 March 2009 increased to 60.45% from 0.04% as at 31 March 2008, as convertible bonds and promissory notes were issued during the year. The gearing ratio was calculated as the Group's interest-bearing borrowings to the shareholders' equity as at the respective balance sheet dates.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2009, the Group's mining rights were pledged as collaterals for the Group's banking facilities. On 31 March 2008, the Group's leasehold land & buildings with net book value of approximately HK$6,350,000 were pledged as collaterals for the Group's banking facilities.

CONTINGENT LIABILITIES

The Group and the Company did not have any significant contingent liabilities as at 31 March 2009.

SEGMENTAL INFORMATION

An analysis of the Group's performance for the year by principal activities and geographical segments is set out in note 5 to the financial statements.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board believes that a high standard of corporate governance is one of the essential elements of the success of a listed company and has adopted various procedures suggested in the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 15 to the GEM Listing Rules in regulating the Group's activities.

The Company has complied with the CG Code during the year ended 31 March 2009 with the exception of code provision A.2.1 in respect of the separation of the roles of chairman and chief executive officer and code provision A.5.4 in respect of Directors' securities transactions.

BOARD OF DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Executive Directors:	
Chan Hing Yin *(Chairman)*	
Wong Kin Yick, Kenneth	(appointed on 25 September 2008)
Zhao Baolong, Bill	(appointed on 1 January 2009)
Chan Hing Kai	(resigned on 24 October 2008)
Leung Heung Ying, Alvin	(appointed on 5 June 2008 and resigned on 31 December 2008)
Cheng Kam Chiu, Stewart	(appointed on 19 November 2008 and resigned on 15 May 2009)
Cheng Ming Kit, Tommy	(appointed on 19 November 2008 and resigned on 4 June 2009)
Non-Executive Director:	
Lee Sing Leung, Robin	(appointed as executive Director on 5 June 2008 and redesignated as non-executive Director on 18 March 2009)
Independent Non-Executive Directors:	
Deng Xiang Xiong	(appointed on 22 December 2008)
Orr Joseph Wai Shing	(appointed on 22 December 2008)
Jiao Zhi	(appointed on 31 December 2008)
Pieter van Aswegen	(appointed on 5 June 2008 and resigned on 24 October 2008)
Cheung Wing Ping	(resigned on 22 December 2008)
Wong Ka Hung, Frederic	(resigned on 22 December 2008)
Chan Yi Man, Magdalen	(resigned on 9 January 2009)

Mr. Chan Hing Yin is the elder brother of Mr. Chan Hing Kai. Except for the aforesaid, there is no relationship (including financial, business, family or other material/relevant relationship) among members of the Board.

For a Director to be considered independent, the Board must determine whether the Director has direct or indirect material relationship with the Company. In determining the independence of Directors, the Board follows the requirements set out in the GEM Listing Rules. Each of the independent non-executive Director has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and that they are independent.

During the year ended 31 March 2009, four regular board meetings were held and individual attendance of Directors is set out as follows:

Name of Director	Attended/Eligible to attend
Chan Hing Yin	4/4
Wong Kin Yick, Kenneth	2/2
Zhao Baolong, Bill	0/1
Lee Sing Leung, Robin	3/4
Deng Xiang Xiong	1/1
Orr Joseph Wai Shing	1/1
Jiao Zhi	0/1
Pieter van Aswegen	0/2
Chan Hing Kai	1/2
Cheung Wing Ping	3/3
Wong Ka Hung, Frederic	2/3
Leung Heung Ying, Alvin	1/3
Chan Yi Man, Magdalen	1/3
Cheng Kam Chiu, Stewart	1/1
Cheng Ming Kit, Tommy	1/1

The Board, led by the Chairman, is responsible for the formulation of corporate strategies and policies including, but not limited to, merger and acquisition, material capital commitment, change in share capital, dividend policy and approval of financial statements. The Board has delegated the responsibilities of day-to-day management of the Group's business to the executive Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Chan Hing Yin ("Mr. Chan") is the chairman of the Board. Mr. Chan was also the chief executive officer of the Group ("CEO") before 5 June 2008. This arrangement deviated from the code provision A.2.1 of the CG Code which requires the roles of chairman and chief executive officer to be separate. The Board considered that arrangement enabled an efficient implementation of the Board's decision. Since the Board had reserved the decision-making authorities on major matters, the Company believed that the balance of power between the Board and the management would not been impaired.

With the expansion of the Group's business to gold mining, the Board appointed Mr. Lee Sing Leung, Robin ("Mr. Lee") as the CEO on 5 June 2008. To cope with the reorganisation of the management structure of the Group, Mr. Lee ceased to be the CEO subsequently and the role and responsibilities of CEO were then shared by the executive Directors. In view of the size of the operation of the Group, the Board considered that this arrangement is more suitable for the Company and this can promote efficient formulation and implementation of the Company's strategies.

INDEPENDENT NON-EXECUTIVE DIRECTORS

All the existing independent non-executive Directors have entered into a service contract with the Company for a term of two years, their appointments are subject to retirement by rotation and/or re-election in accordance with the Articles of Association of the Company.

REMUNERATION COMMITTEE

The remuneration committee of the Board (the "Remuneration Committee") was set up in March 2006 with specific written terms of reference which deal clearly with its authority and duties. The role of the Remuneration Committee is to make recommendations to the Board on remuneration policy and structure for Directors and senior management of the Company. The main duties of the Remuneration Committee include determining the specific remuneration packages of all executive Directors and senior management of the Company, reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time and ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration. The Remuneration Committee currently consists of Mr. Chan and all the independent non-executive Directors, namely Mr. Deng Xiang Xiong (Chairman), Mr. Orr Joseph Wai Shing and Mr. Jiao Zhi.

During the year ended 31 March 2009, the Remuneration Committee held one meetings and individual attendance of members of the Remuneration Committee are set out as follows:

Name of Member	**Attended/Eligible to attend**
Deng Xiang Xiong	1/1
Orr Joseph Wai Shing	1/1
Jiao Zhi	0/1
Chan Hing Yin	1/1
Cheung Wing Ping	0/0
Chan Yi Man, Magdalen	0/0

During the year, the Committee has reviewed the remuneration of the directors and made recommendations to the Board on the structure of the remunerations of the Directors.

NOMINATION OF DIRECTORS

The Board has not set up a nomination committee for the appointment of Directors.

In accordance with the Company's Articles of Association, the Board is empowered at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the candidate's quality which includes, but not limited to, his/her qualification, experience, professional knowledge, ethics and integrity.

During the year ended 31 March 2009, the Board held five meetings in which, the Board had considered and appointed certain individual as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. The attendance of such Board Meetings are as follows:

Name of Director	Attended/Eligible to attend
Chan Hing Yin	5/5
Wong Kin Yick, Kenneth	2/3
Zhao Baolong, Bill	0/0
Lee Sing Leung, Robin	4/4
Deng Xiang Xiong	0/1
Orr Joseph Wai Shing	0/1
Jiao Zhi	0/0
Pieter van Aswegen	0/1
Chan Hing Kai	2/2
Cheung Wing Ping	2/3
Wong Ka Hung, Frederic	2/3
Leung Heung Ying, Alvin	0/3
Chan Yi Man, Magdalen	2/5
Cheng Kam Chiu, Stewart	2/2
Cheng Ming Kit, Tommy	2/2

INDEPENDENT AUDITOR'S REMUNERATION

During the year ended 31 March 2009, remuneration payable to the Company's independent auditor, Parker Randall CF (H.K.) CPA Limited (including any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally), for audit and non-audit services provided to the Group is set out as follows:

	HK$'000
Audit services	902
Non-audit services	
– Tax services	–
– Others	–
	902

AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee") with specific written terms of reference in compliance with the requirements set out in Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are (i) to review the Company's financial statements and provide advice and comments thereon to the Board; (ii) to oversee the financial reporting system and internal control procedures of the Group; and (iii) to monitor relationship with the Company's independent auditor. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Orr Joseph Wai Shing (Chairman of Audit Committee), Mr. Deng Xiang Xiong and Mr. Jiao Zhi. Mr. Orr Joseph Wai Shing possesses the appropriate accounting professional qualification as required under rule 5.28 of the GEM Listing Rules.

During the year ended 31 March 2009, the Audit Committee held four meetings and performed duties including reviewing the Group's quarterly, half-year and annual results and system of internal control, and its other duties set out in the CG Code.

The Company's financial statements for the year ended 31 March 2009 have been reviewed by the audit committee. The audit committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and disclosures have been fully made.

Individual attendance of members of the Audit Committee are set out as follows:

Name of Member	Attended/Eligible to attend
Deng Xiang Xiong	1/1
Orr Joseph Wai Shing	1/1
Jiao Zhi	0/1
Cheung Wing Ping	3/3
Wong Ka Hung, Frederic	2/3
Chan Yi Man, Magdalen	2/3

RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group. A statement by the Company's independent auditor about their reporting responsibilities in the independent auditor's report on the Group's consolidated financial statements is set out on page 24 to page 25.

INTERNAL CONTROLS

The Board has overall responsibility for the internal control system of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company. During the year under review, the Board has conducted a review of the effectiveness of the internal system of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. The chairman and an executive director of the Company, Mr. Chan has inadvertently and unintentionally disposed of 26,000,000 Old Shares of the Company to independent third parties on the Stock Exchange on 2 June 2008, which is in breach of Rule 5.56 of the GEM Listing Rules. Save as disclosed above, having made specific enquiry of all Directors, the Directors have complied with the required standard of dealings regarding directors' securities transactions throughout the year ended 31 March 2009.

In consideration of the non-compliance of Mr. Chan, the Company has explained to the Directors the standard and requirements to be complied with in securities dealings to ensure no recurrence of such non-compliance and in addition to the requirements as set out in Rules 5.61 and 5.62 of the GEM Listing Rules, the written acknowledgement from the chairman of the Board or a director designated by the Board will have to be endorsed by the company secretary of the Company before any such directors' dealings.

REPORT OF THE BOARD OF DIRECTORS

The Board submits their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year was investment holding and those of its subsidiaries are set out in note 18 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2009 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 26 to 28.

The Directors did not recommend the payment of a final dividend for the year ended 31 March 2009 (31 March 2008: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 29 to the financial statements.

RESERVES

Details of movements in reserves of the Company and the Group during the year are set out in note 31 to the financial statements and in the consolidated statement of changes in equity on page 29.

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 90.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 38.9% of the total revenue and sales to the largest customer included therein accounted for approximately 28.9% of the Group's total revenue. Purchases from the Group's five largest suppliers accounted for approximately 56.2% of the total purchases for the year and purchases from the largest supplier included therein accounted for approximately 17.7%.

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the Companies Law (Revised) of the Cayman Islands.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications, job duties and competence.

The emoluments of the Directors are decided, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to the Directors and eligible employees. Details of the scheme are set out in note 30(ii) to the financial statements.

DIRECTORS

The Directors who held office during the financial year and as at the date of this report were:

Executive Directors:

Chan Hing Yin *(Chairman)*	
Wong Kin Yick, Kenneth	(appointed on 25 September 2008)
Zhao Baolong, Bill	(appointed on 1 January 2009)
Chan Hing Kai	(resigned on 24 October 2008)
Leung Heung Ying, Alvin	(appointed on 5 June 2008 and resigned on 31 December 2008)
Cheng Kam Chiu, Stewart	(appointed on 19 November 2008 and resigned on 15 May 2009)
Cheng Ming Kit, Tommy	(appointed on 19 November 2008 and resigned on 4 June 2009)

Non-Executive Director:

Lee Sing Leung, Robin	(appointed as executive Director on 5 June 2008 and redesignated as non-executive Director on 18 March 2009)

Independent Non-Executive Directors:

Deng Xiang Xiong	(appointed on 22 December 2008)
Orr Joseph Wai Shing	(appointed on 22 December 2008)
Jiao Zhi	(appointed on 31 December 2008)
Pieter van Aswegen	(appointed on 5 June 2008 and resigned on 24 October 2008)
Cheung Wing Ping	(resigned on 22 December 2008)
Wong Ka Hung, Frederic	(resigned on 22 December 2008)
Chan Yi Man, Magdalen	(resigned on 9 January 2009)

REPORT OF THE BOARD OF DIRECTORS

In accordance with Article 87 of the Company's Articles of Association, Chan Hing Yin shall retire from office by rotation and, being eligible, offer himself for re-election at the forthcoming annual general meeting. In accordance with Article 86 of the Company's Articles of Association, Wong Kin Yick, Kenneth, Zhao Baolong, Bill, Deng Xiang Xiong, Orr Joseph Wai Shing and Jiao Zhi shall retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. All other directors of the Company continue in office.

Each of the independent non-executive Directors has confirmed his/her independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers the independent non-executive directors to be independent.

DIRECTORS' BIOGRAPHIES

Executive Directors

Mr. Chan Hing Yin, aged 54, is the founder and the Chairman of the Group. He is responsible for the overall operation, management and development of the PC Component Division of the Group. Mr. Chan has about 24 years of experience in the personal computer industry. He is also the Compliance Officer and authorised representative of the Company.

Mr. Wong Kin Yick, Kenneth, aged 51, is responsible for investors' relationship and equity capital market of the Company. He has extensive experience in banking and finance. Mr. Wong graduated from the Queen's University at Kingston, Canada in 1981 with a Master's degree of Business Administration and from the University of Toronto, Canada in 1979 with a Bachelor's degree in Applied Science.

Zhao Baolong, Bill, aged 45, is currently the Deputy General Manager of Tongguan Taizhou Mining Company Limited, the operating arm of the Company in the gold mining business in the PRC. Mr. Zhao has over 23 years of working experience in the mining sector in the PRC and overseas, he 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).

Non-Executive Director

Mr. Lee Sing Leung, Robin, aged 57, has more than 26 years of extensive experiences in financial and mergers and acquisitions advisory, banking and financing in Hong Kong, the PRC and South Africa. Mr. Lee holds a diploma in accounting from the University of Hong Kong Polytechnic, a Master of Business Administration degree from the University of East Asia, Macau, and a Diploma of Management from the University of Witwatersrand in South Africa. Mr. Lee is a Fellow Member of the Hong Kong Institute of Directors.

Independent Non-Executive Directors

Mr. Deng Xiang Xiong, aged 43, graduated from Shenzhen University with a degree in law. Mr. Deng also holds a Master of Business Administration degree from Shanghai Jiao Tong University and professional qualifications of Economist, Property Valuer and arbitrator of Shenzhen Board of Arbitration in the Mainland China. Mr. Deng has years of extensive experiences in law and capital market and is an expert in management and investment.

Mr. Orr Joseph Wai Shing, aged 49, worked for multinational companies in the past 21 years. He is a Certified Public Accountant in Washington, the United States of America (the "USA") and a member of the Hong Kong Institute of Certified Public Accountants, American Institute of Certified Public Accountants and CPA Australia. He received a MBA from Kellogg School of Management, Northwestern University and the Hong Kong University of Science and Technology, a Master of Arts degree in International Business and International Financial Management from the University of Reading and a Bachelor of Arts (Hons) degree in Accounting and Finance from Middlesex University and a Diploma in Business and Finance in PRC from Tsinghua University as well as a Professional Diploma in Accounting and Auditing in China from Zhongshan University.

Mr. Jiao Zhi, 72 years old, was graduated from the mining division of Non-ferrous Metals Industrial College in Changsha, the PRC. Mr. Jiao has more than 50 years of extensive experience in mining industry and held various positions such as deputy miner, vice director general, director general, deputy director and senior engineer. He had been sent to the former Soviet Union for internship by the government of the PRC. Since December 1987, Mr. Jiao had served as deputy general director in the Gold Bureau of the Metallurgy Department of the PRC and deputy manager of the China Gold Company. From August 1988 onward, he served as the deputy director of the Gold Bureau of the PRC, members of the Gold Leading Working Group of the State Council of the PRC and the Committee of the National Reserve. He had worked as the director general of the Gold Bureau of the Metallurgy Department of the PRC since 1993 and also acted as the chairman of the China Gold Company since 1996. He was retired in August 1997.

DIRECTORS' SERVICE CONTRACTS

Mr. Zhao Baolong, Bill has entered into a service contract with the Company and such service contract will continue unless and until terminated by either party by given not less than one month's written notice to the other. Mr. Zhao is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

Mr. Deng Xiang Xiong has entered into a service contract with the Company for a term of two years commencing from 22 December 2008 which can be terminated by either party by given not less than one month's written notice to the other. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

Mr. Orr Joseph Wai Shing has entered into a service contract with the Company for a term of two years commencing from 22 December 2008 which can be terminated by either party by given not less than one month's written notice to the other. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

Mr. Jiao Zhi has entered into a service contract with the Company for a term of two years commencing from 31 December 2008 which can be terminated by either party by given not less than one month's written notice to the other. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Save as disclosed above, no other directors has service contract with the Company.

PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital is held by the public at all times during the years.

DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed in note 33 to the financial statements, no contracts of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries was a 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.

CONTINUING CONNECTED TRANSACTION

Details of the continuing connected transactions under the GEM Listing Rules during the year are set out in note 33 to the financial statements. In accordance with the criteria set out in Rule 20.33 of the GEM Listing Rules, it is exempted from the reporting, announcement and independent shareholders' approval requirements of Chapter 20 of the GEM Listing Rules.

REMUNERATION OF DIRECTORS AND THE HIGHEST PAID EMPLOYEES

Details of the remuneration of the Directors and the highest paid employees of the Group are set out in notes 10(a) and 10(b) to the financial statements respectively.

SHARE OPTION SCHEME

At an extraordinary general meeting of the shareholders of the Company held on 4 March 2009, the original share option scheme (the "Original Share Option Scheme") was terminated and a new share option scheme (the "New Share Option Scheme") was adopted. Principal terms of the Original Share Option Scheme were summarised in the paragraph headed "Share Option Scheme" in Appendix 5 to the prospectus issued by the Company on 14 September 2004 whereas the principal terms of the New Share Option Scheme were summarised in the circular of the Company dated 16 February 2009. As at 31 March 2009, no option was granted under the Original Share Option Scheme or the New Share Option Scheme.

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

As at 31 March 2009, the interests and short positions of the Directors and chief executives of the Company in the Old Shares, underlying Old Shares pursuant to the convertible bonds due 2013 ("Underlying Old Shares") and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were recorded in the register required to be kept under section 352 of the SFO, or which is otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in Old Shares and Underlying Old Shares of the Company

Name	Capacity	Number and class of securities		Approximate % of the issued share capital of the Company
		Old Shares	Underlying Old Shares	
Mr. Lee Sing Leung, Robin ("Mr. Lee")	Personal interest	1,544,720,000	1,612,800,000 *(Note 1)*	38.18%
Mr. Chan Hing Yin ("Mr. Chan")	Interest in a controlled corporation	1,099,922,000	–	13.30%
Mr. Wong Kin Yick, Kenneth ("Mr. Wong")	Interest in a controlled corporation	–	260,000,000 *(Note 3)*	3.14%
Zhao Baolong, Bill	Personal interest	2,560,000	–	0.03%

Notes:

1. The Underlying Old Shares were derived from interest of the convertible bonds due 2013 in the principal amount of HK$241,920,000 owned by Mr. Lee.

2. These Old Shares were held by Osborne Pacific Limited ("Osborne") which is wholly and beneficially owned by Mr. Chan.

3. These Underlying Old Shares were derived from interest of the convertible bonds due 2013 in the principal amount of HK$39,000,000 held by Bouncy International Limited, a company wholly and beneficially owned by Mr. Wong.

Save as disclosed above, as at 31 March 2009, none of the Directors or chief executives of the Company had any interests and short positions in the Old Shares, Underlying Old Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' AND EMPLOYEES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share options that may be granted under the New Share Option Scheme, none of the Directors or employees of the Group or their respective associates were granted by the Company or its subsidiaries the rights to acquire shares or debentures of the Company or any other body corporate, or had exercised any such rights as at 31 March 2009.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31 March 2009, the following persons (other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above) had an interest or short position in the Old Shares or Underlying Old Shares which were recorded in the register required to be kept under Section 336 of the SFO:

Long positions in Old Shares and Underlying Old Shares of the Company

Name	Capacity	Number and class of securities		Approximate % of the issued share capital of the Company
		Old Shares	Underlying Old Shares	
Chow Tai Fook Nominee Limited	Beneficial owner	708,000,000	500,000,000 *(Note 1)*	14.61%
Dato' Dr. Cheng Yu-Tung DPMS, LLD(Hon), DBA(Hon), DSSc(Hon) ("Dr. Cheng")	Interest in a controlled corporation	708,000,000 *(Note 2)*	500,000,000 *(Note 2)*	14.61%
Osborne	Beneficial owner	1,099,922,000 *(Note 3)*	0	13.30%
Mrs. Chan, Selma	Family interest of controlled corporation	1,099,922,000 *(Note 4)*	0	13.30%
J. Thomson Asset Investment Limited ("J. Thomson")	Beneficial owner	0	600,000,000 *(Note 5)*	7.26%
Mr. Leung Heung Ying, Alvin ("Mr. Leung")	Interest in a controlled corporation	0	600,000,000 *(Note 5)*	7.26%

Name	Capacity	Number and class of securities: Old Shares	Number and class of securities: Underlying Old Shares	Approximate % of the issued share capital of the Company
VC Brokerage Limited ("VC Brokerage")	Beneficial owner	440,000,000 *(Note 6)*	0	5.32%
VC Financial Group Limited ("VC Financial")	Interest in a controlled corporation	440,000,000 *(Note 6)*	0	5.32%
Value Convergence Holdings Limited ("Value Convergence")	Interest in a controlled corporation	440,000,000 *(Note 6)*	0	5.32%
Melco Financial Group Limited ("Melco Financial")	Interest in a controlled corporation	440,000,000 *(Note 6)*	0	5.32%
Melco International Development Limited ("Melco International")	Interest in a controlled corporation	440,000,000 *(Note 6)*	0	5.32%
Ho, Lawrence Yau Lung ("Mr. Ho")	Interest in a controlled corporation	440,000,000 *(Note 6)*	0	5.32%

Notes:

1. On 29 September 2008, the Company granted options to Chow Tai Fook Nominee Limited for the subscription of 500,000,000 new Old Shares ("Option Shares") at a subscription price of HK$0.27 per new Old Share pursuant to a resolution passed by the shareholders of the Company on 25 August 2008.

2. These were the same Old Shares and Option Shares held by CTF, which is wholly and beneficially owned by Dr. Cheng.

3. These Old Shares were held by Osborne, a company wholly and beneficially owned by Mr. Chan.

4. These were the same Old Shares held by Osborne. As Mrs. Chan, Selma is the spouse of Mr. Chan, she is deemed to have interests in the Old Shares held by Osborne, which are wholly and beneficially owned by Mr. Chan.

5. These Underlying Old Shares were derived from interest of the convertible bonds due 2013 in the principal amount of HK$90,000,000 held by J. Thomson, a company wholly and beneficially owned by Mr. Leung.

6. On 17 March 2009, the Company entered into, among others, an underwriting agreement with VC Brokerage for the placement of 440,000,000 new Old Shares at a placing price of HK$0.025 per Old Share on a fully underwritten basis. The placement was completed on 7 May 2009. VC Brokerage is wholly owned by VC Financial, which in turn is wholly owned by Value Convergence. Value Convergence is owned as to 43.36% by Melco Financial which in turn is wholly owned by Melco International. Since Mr. Ho is holding 34.05% shareholding interest in Melco International, Mr. Ho is deemed to be interested in the 440,000,000 Old Shares owned by VC Brokerage.

Save as disclosed above, as at 31 March 2009, the Company had not been notified of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Old Shares or Underlying Old Shares which were required to be kept under Section 336 of the SFO.

COMPETING INTEREST

None of the directors or the management shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group during the year under review.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year ended 31 March 2009. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31 March 2009.

INDEPENDENT AUDITOR

A resolution to re-appoint the retiring independent auditor, Parker Randall CF (H.K.) CPA Limited is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

WONG KIN YICK, KENNETH
Executive Director

Hong Kong
26 June 2009

暉誼(香港)會計師事務所有限公司
PARKER RANDALL CF (H.K.) CPA LIMITED

To the shareholders of
GRAND T G GOLD HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Grand T G Gold Holdings Limited set out on pages 26 to 89, which comprise the consolidated balance sheet and Company balance sheet as at 31 March 2009, and the consolidated income statement, the consolidated statements of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issuing by HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Group as at 31 March 2009 and of the Group's results 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.

Parker Randall CF (H.K.) CPA Limited
Certified Public Accountants
Lau Po Ming, Peter
Practising Certificate Number: P2732
Hong Kong

26 June 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Revenue	*6*	**124,436**	250,903
Cost of sales		**(125,573)**	(241,518)
Gross (loss)/profit		**(1,137)**	9,385
Other income	*6*	**5,401**	236
Selling and distribution expenses		**(705)**	(931)
Impairment loss in respect of trade and other receivables		**(10,936)**	(5,611)
Administrative expenses		**(39,736)**	(14,513)
Finance costs	*7*	**(47,680)**	(544)
Loss before tax	*8*	**(94,793)**	(11,978)
Income tax expense	*9*	**(410)**	342
LOSS FOR THE YEAR		**(95,203)**	(11,636)
Attributable to:			
Equity holders of the Company	*11*	**(92,479)**	(11,636)
Minority interests		**(2,724)**	–
		(95,203)	(11,636)
		HK cents	HK cents
LOSS PER SHARE	*13*		
Basic		**(1.41)**	(0.32)
Diluted		**(0.50)**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**28,117**	29,984
Prepaid land lease premium	15	**1,583**	1,586
Club membership	17	**135**	–
Trade receivable	20	**7,606**	–
Deposit for acquisition of subsidiaries		**–**	66,036
Exploration and evaluation assets	16	**103,213**	–
Goodwill	16	**1,408,028**	–
Deferred tax assets	26	**71**	105
		1,548,753	97,711
CURRENT ASSETS			
Prepaid land lease premium	15	**37**	34
Prepayments for exploration and evaluation assets and mining rights		**48,478**	–
Inventories	19	**7,651**	17,455
Trade and other receivables	20	**14,640**	36,562
Cash and cash equivalents	21	**9,966**	19,961
		80,772	74,012
CURRENT LIABILITIES			
Trade and other payables	22	**26,431**	14,636
Amount due to a director	25	**33,843**	–
Tax payables		**6,212**	268
Interest-bearing borrowings	23	**28,111**	64
		94,597	14,968
NET CURRENT (LIABILITIES)/ASSETS		**(13,825)**	59,044
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,534,928**	156,755
NON-CURRENT LIABILITIES			
Convertible bonds	27	**400,995**	–
Promissory notes	28	**138,240**	–
Amount due to a minority shareholder of a subsidiary	24	**56,238**	–
Deferred tax liabilities	26	**903**	1,091
		596,376	1,091
NET ASSETS		**938,552**	155,664
CAPITAL AND RESERVES			
Share capital	29	**8,270**	3,871
Reserves	31	**927,933**	151,793
Equity attributable to equity holders of the Company		**936,203**	155,664
Minority interests		**2,349**	–
TOTAL EQUITY		**938,552**	155,664

WONG KIN YICK, KENNETH
Executive Director

ZHAO BAOLONG, BILL
Executive Director

BALANCE SHEET

As at 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	*18*	**1,467,290**	34,751
Deposit for acquisition of subsidiaries		**–**	66,036
		1,467,290	100,787
CURRENT ASSETS			
Deposits and prepayments		**325**	132
Cash and cash equivalents		**11**	4
		336	136
CURRENT LIABILITIES			
Other payables and accruals		**5,233**	2,544
NET CURRENT LIABILITIES		**(4,897)**	(2,408)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,462,393**	98,379
NON-CURRENT LIABILITIES			
Convertible bonds	*27*	**400,995**	–
Promissory notes	*28*	**138,240**	–
		539,235	–
NET ASSETS		**923,158**	98,379
CAPITAL AND RESERVES			
Share capital	*29*	**8,270**	3,871
Reserves	*31*	**914,888**	94,508
TOTAL EQUITY		**923,158**	98,379

WONG KIN YICK, KENNETH
Executive Director

ZHAO BAOLONG, BILL
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Attributable to equity holders of the Company											
	Issued share capital HK$'000	Share premium HK$'000	Foreign currency translation reserve HK$'000	Capital reserve HK$'000	Revaluation reserve HK$'000	Statutory surplus reserve HK$'000	Statutory welfare fund HK$'000	Statutory general reserve HK$'000	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000	Minority interests HK$'000	Total Equity HK$'000
At 1 April 2007	3,571	18,972	1,294	13,463	7,748	325	162	485	39,682	85,702	–	85,702
Change in equity for 2007												
Surplus arising from revaluation of properties	–	–	–	–	3,472	–	–	–	–	3,472	–	3,472
Deferred tax charge arising from revaluation of properties	–	–	–	–	(568)	–	–	–	–	(568)	–	(568)
Realised upon depreciation based on revalued amount of land and building	–	–	–	–	(33)	–	–	–	33	–	–	–
Exchange differences arising from translation of financial statements of overseas subsidiaries	–	–	853	–	(139)	–	–	–	–	714	–	714
Net income directly recognised in equity	–	–	853	–	2,732	–	–	–	33	3,618	–	3,618
Loss for the year	–	–	–	–	–	–	–	–	(11,636)	(11,636)	–	(11,636)
Total recognised income and expense for the year	–	–	853	–	2,732	–	–	–	(11,603)	(8,018)	–	(8,018)
Issue of shares for cash, net of expenses	300	79,073	–	–	–	–	–	–	–	79,373	–	79,373
Dividend – 2007 final	–	–	–	–	–	–	–	–	(1,393)	(1,393)	–	(1,393)
At 1 April 2008	3,871	98,045	2,147	13,463	10,480	325	162	485	26,686	155,664	–	155,664
Change in equity for 2008												
Deficit arising from revaluation of land and buildings	–	–	–	–	(3,315)	–	–	–	–	(3,315)	–	(3,315)
Deferred tax credit arising from revaluation of land and buildings	–	–	–	–	589	–	–	–	–	589	–	589
Realised upon depreciation based on revalued amount of land and buildings	–	–	–	–	(100)	–	–	–	100	–	–	–
Exchange differences arising from translation of financial statements of overseas subsidiaries	–	–	419	–	143	–	–	–	–	562	–	562
Net loss recognized directly in equity	–	–	419	–	(2,683)	–	–	–	100	(2,164)	–	(2,164)
Loss for the year	–	–	–	–	–	–	–	–	(92,479)	(92,479)	(2,724)	(95,203)
Total recognised income and expenses for the year	–	–	419	–	(2,683)	–	–	–	(92,379)	(94,643)	(2,724)	(97,367)
Acquisition of interests in subsidiaries	–	–	–	–	–	–	–	–	–	–	5,073	5,073
Issue of convertible bonds	–	–	–	259,200	–	–	–	–	–	259,200	–	259,200
Issue of shares	2,605	425,188	–	–	–	–	–	–	–	427,793	–	427,793
Issue of shares upon conversion of convertible bonds	1,794	272,871	–	(86,476)	–	–	–	–	–	188,189	–	188,189
At 31 March 2009	**8,270**	**796,104**	**2,566**	**186,187**	**7,797**	**325**	**162**	**485**	**(65,693)**	**936,203**	**2,349**	**938,552**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(94,793)	(11,978)
Adjustments for:		
Amortisation of land lease premium	36	34
Amortisation of intangible assets	11,590	–
Amortisation of convertible bonds	41,985	–
Depreciation	4,992	3,564
Gain on disposal of property, plant and equipment	(10)	–
Impairment losses recognised on trade and other receivables	10,936	5,209
Write-down of inventories	–	167
Interest income	(68)	(60)
Interest on promissory notes	2,869	–
Interest on bank loans and overdrafts paid	2,824	538
Interest element of finance leases paid	2	6
Operating loss before working capital changes	(19,637)	(2,520)
Decrease in inventories	9,804	8,335
Increase in prepayments for exploration and evaluation assets and mining rights	(48,478)	–
Decrease in trade and other receivables	8,589	23,266
Increase/(decrease) in trade and other payables	11,794	(15,316)
Cash (used in)/generated from operations	(37,928)	13,765
Hong Kong profits tax paid	–	(64)
Hong Kong profits tax refunded	–	257
Overseas taxation paid	(95)	(3)
Net cash (used in)/generated from operating activities	(38,023)	13,955
CASH FLOW FROM INVESTING ACTIVITIES		
Decrease/(increase) in deposit paid for acquisition of subsidiaries	66,036	(66,036)
Purchases of property, plant and equipment	(1,014)	(1,488)
Acquisition of exploration and evaluation assets	(114,804)	–
Acquisition of subsidiaries	(1,408,293)	–
Payment for acquisition of club membership	(135)	–
Proceeds from disposal of property, plant and equipment	39	–
Acquisition of minority interests	5,073	–
Interest received	68	60
Net cash used in investing activities	(1,453,030)	(67,464)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares	427,793	79,373
Issue of convertible bonds	806,400	–
Issue of promissory notes	138,240	–
Interest on promissory notes	(2,869)	–
Net decrease in trust receipt loans	–	(9,834)
New bank loan raised	38,540	–
Bank loans repaid	(10,428)	(4,283)
Interest on bank loans and overdraft	(2,824)	(538)
Repayment of capital element of finance leases	(61)	(60)
Interest element of finance leases	(2)	(6)
Increase in amount due to a director	33,844	–
Increase in amount due to a minority shareholder of a subsidiary	56,238	–
Dividend paid	–	(1,393)
Net cash generated from financing activities	1,484,871	63,259
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(6,182)	9,750
Effect of foreign exchange rate changes, net	(3,813)	(905)
Cash and cash equivalents at 1 April	19,961	11,116
CASH AND CASH EQUIVALENTS AT 31 MARCH	9,966	19,961
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	9,966	19,961

1. CORPORATE INFORMATION

Grand T G Gold Holdings Limited (the "Company") (formerly known as "Espco Technology Holdings Limited") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the registered office and principal place of business are disclosed in "Corporate Information" Section of this Annual Report. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In April 2008, the Company completed the acquisition of the entire equity interest of SSC Mandarin Mining Investment Limited (the "Acquisition"), which holds an indirect effective interest of 72% equity interest in Tongguan Taizhou Mining Company Limited through an intermediate holding company and a Sino foreign joint venture company in the PRC, of which a wholly-owned subsidiary of the China Gold Association is also an equity holder. Details of the Acquisition were set out in the circular of the Company dated 28 March 2008.

Pursuant to the special resolution passed at the extraordinary general meeting held on 10 July 2008, the name of the Company was changed from Espco Technology Holdings Limited "易盈科技控股有限公司" to Grand T G Gold Holdings Limited with "大唐潼金控股有限公司" adopted as the Chinese name for identification purpose. This change of company name was approved by the Registrar of Companies in the Cayman Islands on 10 July 2008 and the Registrar of Companies in Hong Kong on 6 August 2008.

The principal activity of the Company is investment holding. Its subsidiaries (together with the Company collectively referred to as the "Group" hereinafter) are principally engaged in gold exploration, mining and mineral processing and the design, manufacture and distribution of desktop personal computer display card. During the year, the business of gold mining is acquired on 1 May 2008. Details of the activities of its principal subsidiaries are set out in note 18 to the financial statements.

The financial statements are presented in Hong Kong dollars, the functional and presentation currency of the Company, with values rounded to the nearest thousand.

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

In the current year, the Group has applied the following amendments of Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and interpretations (hereinafter collectively referred to as "New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective.

HKAS 39 and HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)* – INT 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – INT 12	Service Concession Arrangements
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

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

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

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKAS 1 (Revised)	Presentation of Financial Statements [2]
HKAS 23 (Revised)	Borrowing Costs [2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligation Arising on Liquidation [2]
HKAS 39 (Amendment)	Eligible hedged items [3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a Subsidiary, jointly Controlled Entity or Associate [2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations [2]
HKFRS 3 (Revised)	Business Combinations [3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments [2]
HKFRS 8	Operating Segments [2]
HK(IFRIC)-INT 9 & HKAS 39 (Amendments)	Embedded Derivatives [4]
HK(IFRIC) – INT 13	Customer Loyalty Programmes [5]
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate [2]
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation [6]
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners [3]
HK(IFRIC) – INT 18	Transfer of Assets from Customers [7]

[1] *Effective for annual periods beginning on or after 1 January 2009, except the amendments to HKFRS 5 which are effective for annual periods beginning on or after 1 July 2009.*
[2] *Effective for annual periods beginning on or after 1 January 2009.*
[3] *Effective for annual periods beginning on or after 1 July 2009.*
[4] *Effective for annual periods beginning on or after 30 June 2009.*
[5] *Effective for annual periods beginning on or after 1 July 2008.*
[6] *Effective for annual periods beginning on or after 1 October 2008.*
[7] *Effective for transfers on or after 1 July 2009.*
* *IFRIC represents the International Financial Reporting Interpretations Committee.*

The directors of the Company anticipate that the application of these Standards or Interpretations will have no material impact on the results and financial position of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The GEM of the Stock Exchange (the "GEM Listing Rules").

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain properties and financial instruments which are carried at fair value.

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

The significant accounting policies applied in the preparation of these financial statements are set out below:

(a) Basis of consolidation

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

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

Where necessary, adjustments are made to the 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 on consolidation. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

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

(b) Business combination

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

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

(c) Goodwill

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

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

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

On subsequent disposal of the relevant cash generating unit, the attributable amount of goodwill capitalised is included in the calculation of the profit or loss on disposal.

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

(d) Revenue

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably as follows:

i) sales of PC component and compound gold and other metallic products are recognised when the goods are delivered and the risk and rewards of ownership have passed to the customer;

ii) processing fee income and handling income, when the services are rendered; and

iii) interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

(e) Property, plant and equipment

Land and building

The land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings can be made reliably, the leasehold interests in land are classified as prepaid land lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis, and the buildings elements are classified as property, plant and equipment.

Land and buildings that are classified as property, plant and equipment are stated at their revalued amounts, being the fair value at the date of revaluation, less subsequent accumulated depreciation or amortisation. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction and is determined on the basis of existing use. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Cost of self-constructed properties are classified as property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overhead.

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

(e) Property, plant and equipment *(Continued)*

Land and building (Continued)

Any surplus arising on the revaluation of land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case this surplus is credited to the consolidated income statement to the extent of the deficit previously charged. A decrease in the net carrying amount arising on the revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation of leasehold land and buildings in Hong Kong

Depreciation of the Group's leasehold land and buildings in Hong Kong is calculated to write off their valuation over the estimated useful lives on a straight-line basis.

Depreciation of buildings in the PRC, excluding Hong Kong

Depreciation of the Group's buildings in the PRC, excluding Hong Kong, is calculated on a straight-line basis to write off their valuation over the unexpired term of the relevant land use rights or 20 years, whichever is shorter.

Other items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated to write off the cost of other items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives. The principal annual rates used for this purpose are as follows :

Plant and machinery	8 – 20%
Furniture, fixture and office equipment	10 – 20%
Leasehold improvement	20 – 50%
Motor vehicles	10 – 20%

Useful lives and depreciation method are reviewed and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The gain or loss on disposal or retirement of an asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated income statement.

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

(f) Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

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

(g) Mining rights

Mining rights with definite useful lives are carried at cost less accumulated amortisation and any accumulated impairment loss. Amortisation is provided using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the ore mines.

(h) Exploration rights

Exploration rights are stated at cost less accumulated amortisation and impairment losses. The exploration rights are amortised on a straight-line basis over the estimated useful lives of 1-3 years.

(i) Exploration and evaluation assets

Exploration and evaluation assets which include exploration and development cost are stated at cost less accumulated amortisation and impairment losses.

Exploration and development costs include expenditure incurred to secure further mineralisation in existing ore bodies and to expand the capacity of a mine. Expenditure during the initial exploration stage is written off as incurred. When it can be reasonably ascertained that a mining assets is capable of commercial production, exploration and development costs capitalised are amortised using the units of production method based on the proven and probable mineral reserves.

(j) 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.

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

(j) Leasing *(Continued)*

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance lease charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognized as a reduction of rental expense on a straight-line basis over the lease term.

Prepaid land lease payments under operating leases are up-front payments to acquire long-term interests in lessee-occupied properties. Prepaid land lease payments are stated at cost less accumulated amortisation and any impairment losses and are amortised to the consolidated income statement over the remaining lease terms on a straight-line basis.

(k) Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately.

(l) Inventories

Gold Mining Division

Inventories are carried at the lower of cost and net realisable value.

Cost is calculation using the weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bring the inventories to their present location and condition.

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

(l) Inventories *(Continued)*

PC Component Division

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on the first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make to the sale.

(m) Financial assets

The Group classifies its financial assets into different categories at inception, depending on the purpose for which the assets were acquired. The categories include financial assets at fair value through profit or loss (“FVTPL”), loans and receivables, held-to-maturity investments, and available-for-sale financial assets.

Financial assets are initially recognised at fair value plus transaction costs for all assets not carried at fair value through profit or loss. Financial assets carried at fair value thought profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

(i) Financial assets at fair value through profit or loss

This category comprises financial assets held for trading, and those designated at fair value through profit or loss upon initial recognition, but excludes those investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured. Derivatives are accounted as held for trading unless they are classified as hedge accounting. At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated listed equity and debt securities as well as unlisted equity securities as available-for-sales financial assets.

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

(m) Financial assets *(Continued)*

(ii) Available-for-sale financial assets (Continued)

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group's designated certain debt securities as held-to-maturity investments. At each balance sheet date subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses.

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

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, loan receivables, other receivables, pledged bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

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

(m) Financial assets *(Continued)*

(iv) Loans and receivables (Continued)

Impairment losses on trade and other receivables are recognised in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at its original effective interest rate. The impairment loss is reversed if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

(n) Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis other than those financial liabilities designated as at FVTPL, of which the interest expense is included in net gains or losses.

(i) Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

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

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

(n) Financial liabilities and equity *(Continued)*

(i) Financial liabilities at fair value through profit or loss (Continued)

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

At each balance sheet date subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest paid on the financial liability.

(ii) Other financial liabilities

Other financial liabilities (including bank and other borrowings, trade payables and other payables) are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

Convertible bond issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible bonds. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bonds equity reserve).

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

(n) Financial liabilities and equity *(Continued)*

(ii) Other financial liabilities (Continued)

Convertible bonds *(Continued)*

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 equity reserve until the conversion option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to retained profits. 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 amount of the liability component and amortised over the period of the convertible bonds using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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

(o) Trade and other receivables

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

(p) Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

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

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Interest-bearing borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(r) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Foreign currencies

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

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

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 Company at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

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

(t) 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 capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

(u) Retirement benefits schemes

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds.

Contributions to state-managed retirement benefits schemes and the Mandatory Provident Fund Scheme are charged as expenses when employees have rendered service entitling them to the contributions.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(v) Taxation

Taxation represents the sum of income tax expense currently payable and deferred tax.

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

(v) Taxation *(Continued)*

The income tax expense currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable nor deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on 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.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(w) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

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

(x) Related parties

A party is considered to be related to the Group if:

i. directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

ii. the party is an associate;

iii. the party is a jointly-controlled entity;

iv. the party is a member of the key management personnel of the Company or its parent;

v. the party is a close member of the family of any individual referred to in (i) or (iv);

vi. the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

vii. the party is a post-employment benefit plan for the benefit of employees of the Group; or of any entity that is related party of the Group.

(y) Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the projects are clearly defined; the expenditure is separately identifiable and can be measured reliably; there is reasonable certainty that the projects are technically feasible; and the products have commercial value. Product development expenditure which does not meet these criteria is expensed when incurred.

During the year, all research and development costs have been expensed.

(z) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

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

(z) Segment reporting *(Continued)*

Segment revenue, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment. Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of property, plant and equipment, investments, inventories and trade receivables. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and corporate borrowings.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. Inter-segment pricing is based on terms mutually agreed between the segments.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions based on past experience, expectations of future events and other information. The key sources of estimation uncertainty at the balance sheet date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

Impairment of trade and other receivables

Management regularly reviews the recoverability and/or ageing of trade and other receivables. Appropriate impairment for estimated irrecoverable amounts are recognised in income statement when there is objective evidence that the asset is impaired.

In determining whether impairment loss is recognised, the Group takes into consideration the ageing status and the recoverability. 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 at the original effective interest rate and its carrying value.

Useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and machinery of similar nature and functions. The estimated useful lives reflect the management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Impairment of mining and exploration assets

The carrying value of mining and exploration assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in note 3 to the financial statements. The recoverable amount of these assets, or where appropriate, the cash generating unit to which they belong, is the higher of its fair value less costs to sell and value in use. In determining the value in use, estimation is made on the expected future cash flows generated by these assets which are discounted at a suitable discount rate to their present value.

Impairment of goodwill

Management reviews and determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash generating units to which goodwill is allocated. Estimating the value in use requires management to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Mine resources and reserves

Mining rights and mining development assets are amortised over the estimated useful lives of the mines in accordance with the production plans of the entities concerned and the mineral resources and reserves of the mines using the units of production method.

The process of estimating the quantities of the Group's gold resources and reserves is inherently imprecise and represent only approximate amounts because of the subjective judgments involved in developing such information based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting mineral prices and costs change.

5. SEGMENT INFORMATION

Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

During the year, the Group was principally engaged in (i) gold exploration, mining and mineral processing in the People's Republic of China (the "PRC") (the "Gold Mining Division"); and (ii) the design, manufacture, trading and distribution of desktop personal computer display cards (the "PC Component Division").

5. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

Segment information by business segment is presented as follows:

Year ended 31 March 2009

	Gold Mining HK$'000	PC Component HK$'000	Corporate HK$'000	Elimination HK$'000	Consolidated HK$'000
Segment revenue:					
Turnover for external customers	34,512	89,924	–	–	124,436
Gross profit/(loss)	6,623	(7,760)	–	–	(1,137)
Other revenue	747	4,654	–	–	5,401
Operating expenses	(5,243)	(18,478)	(11,038)	–	(34,759)
	2,127	(21,584)	(11,038)	–	(30,495)
Depreciation and amortistion	(12,439)	(4,146)	(33)	–	(16,618)
Segment results	(10,312)	(25,730)	(11,071)	–	(47,113)
Finance costs					(47,680)
Loss before tax					(94,793)
Income tax expense					(410)
Loss for the year					(95,203)
Assets and liabilities					
Segment assets	159,857	56,283	1,475,178	(61,793)	1,629,525
Segment liabilities	119,817	30,052	617,559	(76,455)	690,973
Other segment information					
Capital expenditure	52	636	326	–	1,014
Depreciation and amortisation	12,439	4,146	33	–	16,618

5. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

Year ended 31 March 2008

	Gold Mining HK$'000	PC Component HK$'000	Corporate HK$'000	Elimination HK$'000	Consolidated HK$'000
Segment revenue:					
Turnover for external customers	–	250,903	–	–	250,903
Gross profit	–	9,385	–	–	9,385
Other revenue	–	236	–	–	236
Operating expenses	–	(16,435)	(1,022)	–	(17,457)
	–	(6,814)	(1,022)	–	(7,836)
Depreciation and amortistion	–	(3,598)	–	–	(3,598)
Segment results	–	(10,412)	(1,022)	–	(11,434)
Finance costs					(544)
Loss before tax					(11,978)
Income tax expense					342
Loss for the year					(11,636)
Assets and liabilities					
Segment assets	–	105,551	100,923	(34,751)	171,723
Segment liabilities	–	13,515	2,544	–	16,059
Other segment information					
Capital expenditure	–	1,488	–	–	1,488
Depreciation and amortisation	–	3,598	–	–	3,598

5. SEGMENT INFORMATION *(Continued)*

Geographical segments

The Group's operations are located in Hong Kong, Macau, other parts of the PRC and Singapore whereas the principal markets for the Group's products are mainly located in Hong Kong, Taiwan, other parts of the PRC, Singapore, Australia, Europe and other Asia-Pacific regions.

Segment information by geographical segment is presented as follows:

	2009	2008
	HK$'000	HK$'000
Segment revenue by location of customers		
PRC, excluding Hong Kong and Taiwan	**64,178**	98,004
Taiwan	**36,052**	94,770
Hong Kong	**2,786**	14,039
Singapore	**4,514**	7,944
Australia	**850**	2,078
Other Asia-Pacific regions	**14,872**	27,342
Europe	**–**	2,649
Other regions	**1,184**	4,077
	124,436	250,903
Segment assets by location of assets		
PRC, excluding Hong Kong and Macau	**1,593,468**	24,923
Hong Kong	**13,959**	118,465
Singapore	**7,450**	10,032
Macau	**14,648**	18,303
	1,629,525	171,723
Capital expenditures by location of assets		
PRC, excluding Hong Kong and Macau	**185**	1,435
Hong Kong	**784**	48
Singapore	**45**	–
Macau	**–**	5
	1,014	1,488

6. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold, net of trade discounts and returns and various types of government surcharges where applicable, and the value of services rendered:

	2009	2008
	HK$'000	HK$'000
Revenue		
Sale of goods:		
Gold concentrates	**34,512**	–
Owned-manufactured PC component products	**87,164**	216,930
Trading of goods:		
PC components	**1,376**	22,529
Rendering of service:		
Processing fee income	**1,384**	8,252
Handling income	**–**	3,192
	124,436	250,903
Other income		
Bank interest income	**68**	60
Compensation income *(note)*	**4,572**	–
Sundry income	**761**	176
	5,401	236

Note:

The amount represented compensation receivable from a customer (the "Customer") who is an authorized distributor of the goods sold by a subsidiary of the Company (the "Subsidiary") during the year. The Customer entered into a sales agency contract (the "Contract") with the Subsidiary on 1 July 2003. According to the Contract, the Customer committed to meet the minimum monthly sales amount (the "Sales Quota") of the goods supplied by the Subsidiary as stipulated in the Contract. Since the Customer could not meet the Sales Quota for most of the months in the years of 2006 and 2007, the Subsidiary and the Customer entered into a compromise agreement on 19 July 2008 pursuant to which the Customer agreed to pay to the Subsidiary an amount of RMB4,000,000 as compensation payment.

7. FINANCE COSTS

	2009	2008
	HK$'000	HK$'000
Amortisation of convertible bonds	**41,985**	–
Interest on promissory notes	**2,869**	–
Interest on bank loans and overdrafts	**2,824**	538
Finance lease charges	**2**	6
Finance costs	**47,680**	544

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting) the following:

	2009	2008
	HK$'000	HK$'000
Cost of inventories sold	**125,573**	241,351
Auditors' remuneration *(note d)*	**902**	575
Amortisation of prepaid land lease payment *(note a)*	**36**	34
Amortisation of intangible assets *(note a)*	**11,590**	–
Depreciation *(note a and d)*		
– owned assets	**4,950**	3,522
– leased assets	**42**	42
Operating lease rentals in respect of land and buildings *(note b and d)*	**1,713**	1,108
Gain on disposal of property, plant and equipment	**(10)**	–
Impairment loss recognised in respect of trade and other receivables	**10,936**	5,611
Research and development costs *(note c and d)*	**651**	1,009
Staff costs including directors' emoluments: *(note d)*		
Salaries, wages, allowances and benefits in kind *(note a)*	**24,534**	13,637
Retirement benefits scheme contributions *(note 30(i))*	**702**	347
Other staff benefits	**996**	396
Staff costs	**26,232**	14,380

8. LOSS BEFORE TAX *(Continued)*

Notes:

(a) Included in the respective balances are the following amounts which are also included in the amounts of "Cost of sales" on the face of the consolidated income statement:

	2009 HK$'000	2008 HK$'000
Amortisation of intangible assets	11,590	–
Amortisation of prepaid land lease payment	36	34
Depreciation	4,382	3,260
Staff costs – salaries, wages, allowances and benefits in kind	4,360	5,053

(b) Included in the operating lease rentals in respect of land and buildings are rentals paid for the director's quarter of HK$961,000 (2008: HK$818,000), which had also been included in staff costs disclosed above.

(c) Included in the research and development expenditure are staff costs of HK$651,000 (2008: HK$1,009,000) which had also been included in staff costs disclosed above.

(d) Except for the amounts mentioned in notes (b) above, which had been included in other items in the consolidated income statement, these amounts had been included in administrative expenses in the consolidated income statement.

9. INCOME TAX EXPENSE

	2009 HK$'000	2008 HK$'000
Current tax – overseas		
Provision for the year	–	36
Deferred tax *(note 26)*	410	(378)
Income tax expense/(credit)	410	(342)

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit for the year (2008: Nil).

Overseas taxation represents tax charges on the estimated assessable profits of subsidiaries operating overseas including Singapore and the PRC, calculated at rates applicable in the respective jurisdictions for the year.

9. INCOME TAX EXPENSE *(Continued)*

易盈電腦(深圳)有限公司("Espco Shenzhen"), being a foreign investment enterprise established in Shenzhen Special Economic Zone in the PRC, is subject to the preferential foreign enterprise income tax ("FEIT") of 15% on its assessable profit.

On 16 March, 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate of Espco Shenzhen to 25%. On 26 December, 2007, the PRC issued a Notice of Transitional Arrangement Regarding the preferential PRC Enterprise Income Tax Rate by Order No. 39 of the State Council (the "Notice of Transitional Arrangement"). Pursuant to the Notice of Transitional Arrangement, the tax rate applicable to Espco Shenzhen which is previously entitled to preferential PRC Enterprise Income Tax of 15% will gradually increase from 15% to 25% in 5 years.

SPI Distribution Macao Commercial Offshore Limited ("Espco Macau") has been registered as an "Offshore Commercial Services Institution" with the Macao Trade and Investment Promotion Institute. In accordance with the Macao Special Administrative Region's Offshore Law, Espco Macau is exempted from Macau income tax derived from its offshore business.

The reconciliation between the income tax expense/(credit) and the product of loss before tax multiplied by the applicable tax rate is as follows:

	2009	2008
	HK$'000	HK$'000
Loss before tax	**(94,793)**	(11,978)
Tax at the applicable tax rate in Hong Kong	**(15,641)**	(2,096)
Tax effect of non-deductible expenses	**3,473**	211
Tax effect of non-taxable income	**(14)**	(790)
Tax exemption granted to overseas subsidiaries	**–**	(1,334)
Effect of deferred tax assets from change in applicable tax rate	**198**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,023)**	130
Deferred tax assets not recognised	**13,417**	3,537
Income tax expense/(credit)	**410**	(342)

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors

Details of the remuneration of directors of the Company are as follows:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2009				
Executive directors:				
Chan Hing Yin	–	1,488	12	1,500
Cheng Kam Chiu, Stewart *(note (i))*	–	–	–	–
Wong Kin Yick, Kenneth *(note (ii))*	–	–	–	–
Cheng Ming Kit, Tommy *(note (iii))*	–	773	7	780
Zhao Baolong, Bill *(note (iv))*	–	424	7	431
Chan Hing Kai *(note (v))*	–	427	7	434
Leung Heung Ying, Alvin *(note (vi))*	–	1,058	7	1,065
	–	4,170	40	4,210
Non-executive director:				
Lee Sing Leung, Robin *(note (vii))*	–	1,733	10	1,743
Independent non-executive directors:				
Deng Xiang Xiong *(note (viii))*	1	–	–	1
Orr Joseph Wai Shing *(note (ix))*	1	–	–	1
Jiao Zhi *(note (x))*	–	–	–	–
Chan Yi Man, Magdalen *(note (xi))*	101	–	–	101
Cheung Wing Ping *(note (xii))*	97	–	–	97
Wong Ka Hung, Frederic *(note (xiii))*	97	–	–	97
Pieter van Aswegen *(note (xiv))*	108	–	–	108
	405	–	–	405
	405	5,903	50	6,358

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(Continued)

(a) Directors *(Continued)*

Details of the remuneration of directors of the Company are as follows:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2008				
Executive directors:				
Chan Hing Yin	–	1,296	12	1,308
Chan Hing Kai *(note (v))*	–	658	21	679
	–	1,954	33	1,987
Independent non-executive directors:				
Chan Yi Man, Magdalen *(note (xi))*	65	–	–	65
Cheung Wing Ping *(note (xii))*	65	–	–	65
Wong Ka Hung, Frederic *(note (xiii))*	65	–	–	65
	195	–	–	195
	195	1,954	33	2,182

Notes:

(i) Mr. Cheng Kam Chiu, Stewart was appointed as executive director on 19 November 2008 and resigned on 15 May 2009.

(ii) Mr. Wong Kin Yick, Kenneth was appointed as executive director on 25 September 2008.

(iii) Mr. Cheng Ming Kit, Tommy was appointed as executive director on 19 November 2008 and resigned on 4 June 2009.

(iv) Mr. Zhao Baolong, Bill was appointed as executive director on 1 January 2009.

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(Continued)

(a) Directors *(Continued)*

(v) Mr. Chan Hing Kai resigned as executive director on 24 October 2008.

(vi) Mr. Leung Heung Ying, Alvin was appointed as executive director on 5 June 2008 and resigned on 31 December 2008.

(vii) Mr. Lee Sing Leung, Robin was appointed as executive director on 5 June 2008 and redesignated as non-executive director on 18 March 2009.

(viii) Mr. Deng Xiang Xiong was appointed as independent non-executive director on 22 December 2008.

(ix) Mr. Orr Joseph Wai Shing was appointed as independent non-executive director on 22 December 2008.

(x) Mr. Jiao Zhi was appointed as independent non-executive director on 31 December 2008.

(xi) Ms. Chan Yi Man, Magdalen resigned as independent non-executive director on 9 January 2009.

(xii) Mr. Cheung Wing Ping resigned as independent non-executive director on 22 December 2008.

(xiii) Mr. Wong Ka Hung, Frederic resigned as independent non-executive director on 22 December 2008.

(xiv) Mr. Pieter van Aswegen was appointed as independent non-executive director on 5 June 2008 and resigned on 24 October 2008.

(b) Five highest paid employees

The five highest paid individuals for the year included four (2008: two) directors whose remuneration are included above. The emoluments of the remaining one (2008: three) individuals are as follows:

	2009	2008
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,050**	1,294
Retirement benefits scheme contributions	**12**	27
	1,062	1,321

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(Continued)

(b) Five highest paid employees *(Continued)*

The number of the non-director highest paid individuals whose emoluments fell within the following band is as follows:

	2009	2008
Nil to HK$1,000,000	**–**	3
HK$1,000,001 – HK$1,500,000	**1**	–

During the year, no remunerations were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. No directors of the Company waived or agreed to waive any remunerations during the year.

11. LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

Of the consolidated loss attributable to the equity holders of the Company of HK$92,479,000 (2008: HK$11,636,000), a loss of HK$50,403,000 (2008: HK$1,023,000) has been dealt with in the financial statements of the Company.

12. DIVIDEND

No dividend has been paid or proposed by the Company for the years ended 31 March 2009 and 2008.

13. LOSS PER SHARE

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

	2009 HK$'000	2008 HK$'000
Loss attributable to the equity holders of the Company	**(92,479)**	(11,636)
Amortisation of convertible bonds	**41,985**	–
Loss attributable to the equity holders of the Company for calculation of diluted loss per share	**(50,494)**	(11,636)

	Number of shares	
	2009	2008
Weighted average number of ordinary shares in issue	**6,548,127,333**	3,626,280,033
Effect of diluted weighted average of ordinary shares on conversion of convertible bonds	**3,582,432,000**	–
Weighted average number of ordinary shares for calculation of diluted loss per share	**10,130,559,333**	3,626,280,033

The diluted loss per share for the convertible bonds have not included the effect of potential ordinary shares outstanding for the portion of convertible bonds which have been redeemed during the year.

No diluted loss per share has been presented for the year ended 31 March 2008 as there were no diluting events existed during the year.

14. PROPERTY, PLANT AND EQUIPMENT

Group

31 March 2009

	Land and building HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation						
At 1 April 2008	14,130	30,051	983	5,096	1,707	51,967
Additions	–	80	85	163	686	1,014
Disposals	–	–	(40)	(63)	(203)	(306)
Adjustment on revaluation	(3,314)	–	–	–	–	(3,314)
Acquisition of subsidiaries	2,876	5,120	57	–	1,451	9,504
Currency realignment	164	484	(16)	98	(14)	716
At 31 March 2009	13,856	35,735	1,069	5,294	3,627	59,581
Representing:						
Cost	2,876	35,735	1,069	5,294	3,627	48,601
At valuation	10,980	–	–	–	–	10,980
	13,856	35,735	1,069	5,294	3,627	59,581
Accumulated depreciation						
At 1 April 2008	–	15,159	786	4,464	1,574	21,983
Charge for the year	1,972	2,414	84	250	272	4,992
Elimination on disposal	–	–	(10)	(63)	(200)	(273)
Acquisition of subsidiaries	1,139	2,642	25	–	657	4,463
Currency realignment	1	233	(16)	85	(4)	299
At 31 March 2009	3,112	20,448	869	4,736	2,299	31,464
Net book value						
At 31 March 2009	10,744	15,287	200	558	1,328	28,117

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

31 March 2008

	Land and building HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation						
At 1 April 2007	11,290	27,007	915	4,505	1,662	45,379
Additions	–	1,248	52	188	–	1,488
Adjustment on revaluation	2,225	–	–	–	–	2,225
Currency realignment	615	1,796	16	403	45	2,875
At 31 March 2008	14,130	30,051	983	5,096	1,707	51,967
Representing:						
Cost	–	30,051	983	5,096	1,707	37,837
At valuation	14,130	–	–	–	–	14,130
	14,130	30,051	983	5,096	1,707	51,967
Accumulated depreciation						
At 1 April 2007	–	12,408	681	3,801	1,499	18,389
Charge for the year	1,247	1,878	91	306	42	3,564
Elimination on revaluation	(1,247)	–	–	–	–	(1,247)
Currency realignment	–	873	14	357	33	1,277
At 31 March 2008	–	15,159	786	4,464	1,574	21,983
Net book value						
At 31 March 2008	14,130	14,892	197	632	133	29,984

Included in the land and buildings balance of the Group are the leasehold land and buildings in Hong Kong for own use and the land and buildings in the PRC for own use, which are held under leases of between 10 to 50 years.

As at 31 March 2009, no land and buildings of the Group have been pledged. As at 31 March 2008, certain of the Group's land and buildings in Hong Kong with an aggregate net book value of HK$6,850,000 have been pledged to secure general banking facilities granted to the Group.

The Group's land and buildings were revalued by Malcolm & Associates Appraisal Limited, an independent firm of professional valuers, on the basis of open market value in the existing state as at 31 March 2008. The total surplus arising on the revaluation of HK$3,472,000 had been credited to the revaluation reserve.

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Group's land and buildings were revalued as at 31 March 2009 by the Group's director, by reference to market evidence of recent transactions for similar properties and on the basis of the value in use of the land and buildings by discounted cash flow method. The total amount of revaluation deficit of HK$3,314,000 has been charged to the revaluation reserve.

Had these properties held for own use been carried at cost less accumulated depreciation, the carrying amounts would have been:

	2009	2008
	HK$'000	HK$'000
Buildings in the PRC excluding Hong Kong	**3,196**	499
Leasehold land and buildings in Hong Kong	**3,709**	3,837
	6,905	4,336

The carrying amount of the Group's motor vehicles included an amount of Nil (2008: HK$133,000) in respect of assets held under finance lease.

15. PREPAID LEASE PAYMENTS

Group

	2009	2008
	HK$'000	HK$'000
Cost		
At beginning of year	**1,787**	1,628
Currency realignment	**40**	159
At end of year	**1,827**	1,787
Accumulated depreciation		
At beginning of year	**167**	120
Provision for the year	**36**	34
Currency realignment	**4**	13
At end of year	**207**	167
Net book value		
At end of year	**1,620**	1,620

15. PREPAID LEASE PAYMENTS *(Continued)*

The prepaid lease payments have been made on land situated in the PRC held under land use rights of 50 years commencing from 1 August 2003, and are analysed for reporting purposes as follows:

	2009	2008
	HK$'000	HK$'000
Current assets	**37**	34
Non-current assets	**1,583**	1,586
	1,620	1,620

The land leases are stated at recoverable amount subject to impairment test pursuant to HKAS 36 which is baed on the higher of fair value less costs of sale and the value in use. The fair value less costs of sale of the land leases was determined with reference to a qualified external valuer's valuation.

16. INTANGIBLE ASSETS

Group

	Exploration and evaluation assets	**Goodwill**	**Total**
	HK$'000	HK$'000	HK$'000
Cost			
Acquisition of subsidiaries	150,564	1,408,028	1,558,592
Additions	5,116	–	5,116
Exchange realignment	2,481	–	2,481
At 31 March 2009	158,161	1,408,028	1,566,189
Accumulated amortisation			
Acquisition of subsidiaries	42,655	–	42,655
Provision during the year	11,590	–	11,590
Exchange realignment	703	–	703
At 31 March 2009	54,948	–	54,948
Net book value			
At 31 March 2009	103,213	1,408,028	1,511,241

16. INTANGIBLE ASSETS *(Continued)*

Impairment testing of goodwill

The goodwill relates to the excess of consideration paid and the fair value of net assets acquired from the acquisition of SSC Mandarin Mining Investment Limited and its subsidiaries (collectively referred to as the "MIL Group"). For the purpose of impairment testing, the recoverable amount of the cash-generating unit of the MIL Group has been determined based on a value in use calculation using cash flow projection based on financial budget covering the estimated mine lives, and approved by senior management.

Key assumptions used in the value in use calculation for 31 March 2009 are as follows:

Revenues

The values assigned to the future revenues are based on the estimated annual mine output by reference to mine designed capacity at expected future commodity prices.

Mining costs

The values assigned to the mining costs are based on the input requirements in the long term mine plan.

Commodity price

Future commodity prices are estimated based on management's industry experience, historic price trends and independent expert reports and commentaries.

Discount rate

The discount rate used are based on a weighted average cost of capital before tax reflecting specific risks relating to the relevant cash generating unit of the MIL Group.

17. CLUB MEMBERSHIP

Club membership is stated at cost less any identified impairment loss. For the purpose of impairment testing on club membership, the recoverable amount has been determined based on fair value less costs to sell. The fair value less costs to sell is the second-hand market price less cost of disposal. As at 31 March 2009, the carrying amount of the club membership approximates its recoverable amount.

18. INTERESTS IN SUBSIDIARIES

Company

	2009 **HK$'000**	2008 HK$'000
Unlisted shares, at cost	**–**	–
Amounts due from subsidiaries	**1,467,290**	34,751
	1,467,290	34,751

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

18. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place and date of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of equity interest attributable to the Company Direct %	Percentage of equity interest attributable to the Company Indirect %	Principal activities and place of operations
Eagle Up Holdings Limited ("Eagle Up")	British Virgin Islands 8 January 2003	100 ordinary shares of US$1 each	100	–	Investment holding in Hong Kong
Espco Technology Limited ("Espco Technology")	Hong Kong 25 February 2000	1,000,000 ordinary shares of HK$0.1 each	–	100	Trading and distribution of desktop PC components in Hong Kong
易盈電腦(深圳)有限公司 ("Espco Shenzhen")	PRC 30 April 1993	Registered and paid-up capital of US$3,430,733	–	100	Manufacturing of desktop PC components in the PRC
Espco Computer (S) Pte Limited ("Espco Singapore")	The Republic of Singapore 7 June 1996	30,000 ordinary Shares of US$1 each	–	100	Trading and distribution of desktop PC components in Singapore
SPI Distribution Macao Commercial Offshore Limited ("Espco Macau")	Macau 25 February 2003	Registered capital of MOP1,000,000	–	100	Trading and distribution of desktop PC components in Macau
Finnikon Investments Limited	British Virgin Islands 26 October 2006	1 ordinary share of US$1 each	–	100	Investment holding in Hong Kong
SSC Mandarin Mining Investment Limited	British Virgin Islands 2 October 2007	1 ordinary share of US$1 each	100	–	Investment holding in Hong Kong
T G Mining Asia Limited	Hong Kong 9 November 2005	2,000,000 ordinary shares of HK$1 each	–	100	Investment holding in Hong Kong

18. INTERESTS IN SUBSIDIARIES *(Continued)*

Company name	Place and date of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Percentage of equity interest attributable to the Company Direct %	Indirect %	Principal activities and place of operations
SSC Sino Gold Mining Investment Company Limited 文華中金(北京)礦業投資顧問有限公司	PRC 5 February 2004	Registered and paid-up capital of US$7,000,000	–	90	Investment holding in the PRC
Tongguan County Taizhou Mining Co., Limited 潼關縣汰洲礦業有限責任公司	PRC 29 June 2004	Registered and paid-up capital of RMB10,000,000	–	72	Exploration, mining and mineral processing
Espco Industrial Limited (formerly known as Geniman Information Limited)	Hong Kong 15 December 2006	1 ordinary share of HK$1 each	–	100	Inactive

19. INVENTORIES

	Group 2009 HK$'000	2008 HK$'000
Raw material	**2,243**	7,700
Finished goods	**5,408**	9,755
	7,651	17,455

Inventories consist of desktop PC components and gold concentrates. At 31 March 2009, the carrying amount of inventories that were carried at net realisable value amounted to approximately HK$1,343,000 (2008: HK$488,000).

20. TRADE AND OTHER RECEIVABLES

	2009	2008
	HK$'000	HK$'000
Trade receivables	20,264	35,907
Other receivables, deposits and prepayments	1,982	655
	22,246	36,562

Analysed for reporting purposes as:

	2009	2008
	HK$'000	HK$'000
Current asset	14,640	36,562
Non-current asset	7,606	–
	22,246	36,562

At 31 March 2009, the Group's trade receivables are debtors with an aggregate carrying amount of HK$20,264,000 of which HK$7,606,000 have been classified as non-current asset under consolidated balance sheet. These debtors have entered into a repayment agreement (the "Agreement") with a subsidiary of the Company on 1 June 2009. According to the Agreement, these debtors have agreed to repay the total outstanding amount of HK$23,469,000 (before allowance for doubtful debts) by HK$500,000 in May 2009 and then by equal monthly instalments of HK$650,000 commencing from June 2009 with the last instalment falling due in May 2012. The Group has provided an impairment loss of HK$8,863,000 in respect of these receivables. The Group does not hold any collateral over these balances.

The ageing analysis of the Group's trade receivables, based on the invoice date, is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	18,049	9,791
31 – 60 days	1,185	5,130
61 – 90 days	1,501	2,403
Over 90 days	15,551	25,371
	36,286	42,695
Allowance for doubtful debts	(16,022)	(6,788)
	20,264	35,907

20. TRADE AND OTHER RECEIVABLES *(Continued)*

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivable directly.

The movement in the allowance for doubtful debts during the year is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
At beginning of year	**6,788**	1,556
Impairment loss	**10,937**	5,611
Uncollectible amounts written off	**(1,635)**	(516)
Currency realignment	**(68)**	137
At end of year	**16,022**	6,788

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Neither past due nor impaired	**2,831**	9,791
Past due but not impaired:		
Less than 1 month past due	**1,045**	5,130
1 to 3 months past due	**7,077**	5,743
More than 3 months past due	**21,159**	13,293
	29,281	24,166
	32,112	33,957

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

20. TRADE AND OTHER RECEIVABLES *(Continued)*

Receivables that were past due but not impaired relate to a number of independent customers that have good track records with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has been no significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Included in trade and other receivables are the following amounts denominated in a currency other than the functional currency of the Group's entities to which they relate:

	Group	
	2009	2008
	HK$'000	HK$'000
United States dollars	**24,428**	32,710

21. CASH AND BANK BALANCES

As at 31 March 2009, approximately HK$320,000 (2008: HK$459,000) of the Group's cash and bank balances were denominated in Renminbi, a currency which is subject to exchange control restrictions imposed by the Government of the People's Republic of China.

22. TRADE AND OTHER PAYABLES

	2009	2008
	HK$'000	HK$'000
Trade payables	**13,254**	10,194
Other payables and accruals	**13,177**	4,442
	26,431	14,636

All trade and other payables are expected to be settled within one year.

22. TRADE AND OTHER PAYABLES *(Continued)*

An ageing analysis of trade payables is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
0 – 30 days	**12,393**	3,774
31 – 60 days	**32**	2,012
61 – 90 days	**–**	2,260
Over 90 days	**829**	2,148
	13,254	10,194

Included in trade and other payables are the following amounts denominated in a currency other than the functional currency of the Group's entities to which they relate:

	Group	
	2009	2008
	HK$'000	HK$'000
United States dollars	**193**	629

23. INTEREST-BEARING BORROWINGS

	Group	
	2009	2008
	HK$'000	HK$'000
Bank loans	**28,111**	–
Obligation under finance leases	**–**	64
	28,111	64
Amount due within one year included in current liabilities	**(28,111)**	(64)
Amount due after one year	**–**	–

23. INTEREST-BEARING BORROWINGS *(Continued)*

The Group's interest-bearing loans were repayable as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**28,111**	64

The bank loans bear interest at prevailing rates and secured by the mining right owned by the Group and a third party deposit.

The effective interest rate of the bank loans as at 31 March 2009 was 8% (2008: 6% and 6.2%) per annum.

The carrying amounts of interest-bearing borrowings approximate to their fair value.

24. AMOUNT DUE TO A MINORITY SHAREHOLDER OF A SUBSIDIARY

The amount due to minority shareholder of a subsidiary is interest-free, unsecured and repayable at the discretion of the Group.

25. AMOUNT DUE TO A DIRECTOR

The amount due to a director is interest-free, unsecured and repayable at the discretion of the Group.

26. DEFERRED TAXATION

	Accelerated tax depreciation HK$'000	Revaluation of properties HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 April 2007	(26)	1,051	(222)	(101)	702
Charge/(credit) to consolidated income statement	(25)	(153)	(119)	(81)	(378)
Charge to equity	–	568	–	–	568
Exchange realignment	–	94	–	–	94
At 31 March 2008	(51)	1,560	(341)	(182)	986
At 1 April 2008	(51)	1,560	(341)	(182)	986
Charge/(credit) to consolidated income statement	(15)	–	313	112	410
Charge to equity for the year	–	(785)	–	–	(785)
Effect of change in tax rate	3	196	(8)	7	198
Exchange realignment	–	23	–	–	23
At 31 March 2009	**(63)**	**994**	**(36)**	**(63)**	**832**

For the purposes of balance sheet presentation, certain deferred tax assets and liabilities have been offset in accordance with the conditions set out in HKAS 12. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2009 HK$'000	2008 HK$'000
Deferred tax assets	**(71)**	(105)
Deferred tax liabilities	**903**	1,091
	832	986

At 31 March 2009, the Group had unused tax losses of approximately HK$95,622,000 (2008: HK$23,429,000) available for offset against future profits. A deferred tax asset has been recognised for the year ended 31 March 2009 in respect of HK$221,000 (2008: 1,950,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

27. CONVERTIBLE BONDS

On 30 April 2008, the Company issued convertible bonds with an aggregate principal amount of HK$806,400,000 (the “Convertible Bonds”) as part of the consideration for the acquisition of the MIL Group. The Convertible Bonds were issued with a conversion price of HK$0.15 per share and will mature on 30 April 2013. The Convertible Bonds bear no interest for the period from the issue date of the Convertible Bonds to the date falling two years from the issue date of the Convertible Bonds. Thereafter, the Convertible Bonds will carry interest at a rate of 4% per annum, payable in arrears quarterly on 31 March, 30 June, 30 September and 31 December in each year.

On 4 May 2009, as approved by the shareholders of the Company, every four issued and unissued ordinary shares with par value of HK$0.001 each in the share capital of the Company were consolidated into one ordinary share of par value HK$0.004. Accordingly, the conversion price of the Convertible Bonds was adjusted to HK$0.6 per share.

The Convertible Bonds contain two components, viz. liability and equity components. On the issue of the Convertible Bonds, the fair value of the liability component was determined using the method of discounted cash flow. The residual amount, representing the equity component, is included in shareholders’ equity. The liability component is subsequently carried at amortised cost until extinguished on conversion or redemption. If the Convertible Bonds are converted, the carrying amounts of the equity and liability components are transferred to share capital and share premium as consideration for the shares issued.

The Convertible Bonds recognised in the balance sheet as at 31 March 2009 are as follows:

	Group and Company HK$’000
As at 1 April 2008	–
Issue of Convertible Bonds	806,400
Equity component of the Convertible Bonds	(259,200)
Liability component of the Convertible Bonds on initial recognition	547,200
Amortisation of Convertible Bonds	41,985
Amount transfer to capital reserve on conversion	(5,630)
Conversion of Convertible Bonds	(182,560)
As at 31 March 2009	**400,995**

During the year, the Convertible Bonds in the principal amount of HK$269,035,200 had been converted into 1,793,568,000 shares at a conversion price of HK$0.15 per share. As at 31 March 2009, the management of the Company agreed that the effective interest rate was changed from 3.20% to 10.91% which were derived from an appraisal prepared by “Ample Appraisal Limited” as an independent firm of professional valuer.

28. PROMISSORY NOTES

On 30 April 2008, the Company issued two promissory notes of HK$60 million ("Promissory Note A") and HK$78.24 million ("Promissory Note B") respectively as part of the consideration for the acquisition of the MIL Group.

Promissory Note A was issued as a zero coupon promissory note with a fixed term of 18 months from the date of its issue. The Promissory Note A is secured by the first equitable charge created over the entire issued share capital of a wholly owned subsidiary of the Company.

Promissory Note B was issued with a fixed term of 36 months from the date of its issue and carries an interest at a rate of 4% per annum on the outstanding principal amount, payable in arrears quarterly on 31 March, 30 June, 30 September and 31 December of each year.

29. SHARE CAPITAL

	2009		2008	
	Number of share	**Amount HK$'000**	Number of share	Amount HK$'000
Authorised:				
At 1 April	**20,000,000,000**	**20,000**	500,000,000	5,000
Share subdivision	**–**	**–**	4,500,000,000	–
Increase in authorised share capital	**–**	**–**	15,000,000,000	15,000
At 31 March	**20,000,000,000**	**20,000**	20,000,000,000	20,000
Issued and fully paid:				
At 1 April	**3,871,362,000**	**3,871**	357,136,200	3,571
Share subdivision	**–**	**–**	3,214,225,800	–
Issue of shares as part of the consideration for the acquisition of subsidiaries	**1,382,400,000**	**1,382**	–	–
Issue of shares by way of placing	**1,222,256,000**	**1,222**	300,000,000	300
Issue of shares upon conversion of convertible bonds	**1,793,568,000**	**1,794**	–	–
At 31 March	**8,269,586,000**	**8,269**	3,871,362,000	3,871

29. SHARE CAPITAL *(Continued)*

Notes:

(a) On 30 April 2008, the Company completed the acquisition of the MIL Group. Ordinary shares of 1,382,400,000 were issued, credited as fully paid, in the sum of HK$380,160,000 to satisfy part of the consideration for the acquisition.

(b) On 3 July 2008, the Company entered into a share subscription agreement with Chow Tai Fook Nominee Limited ("CTF"), a company beneficially owned by Dr. Cheng Yu-tung, pursuant to which CTF agreed to subscribe for 58,000,000 new shares at a subscription price of HK$0.27 per share. The Company also entered into an options subscription agreement with CTF pursuant to which the Company agreed to grant an option to CTF to subscribe for an additional 500,000,000 new shares at a price of HK$0.27 per share (the "Options"). The Options are exercisable within the period commencing on the date of the grant to the Options and ending on twelve months after the date of the grant of the Options. The share subscription was completed on 29 July 2008, raising gross proceeds of approximately HK$15.66 million.

(c) On 1 September 2008, the Company entered into subscription agreements with Galaxy China Deep Value Master Fund, Galaxy China Opportunities Fund, Galaxy Global Opportunity Fund and Golden Success Investments Limited respectively, whereby the Company agreed to allot and issue and Galaxy Deep Value Master Fund, Galaxy China Opportunities Fund, Galaxy Global Opportunity Fund and Golden Success Investments Limited agreed to subscribe for 57,136,000 shares, 57,136,000 shares, 57,136,000 shares and 42,848,000 shares respectively, totalling 214,256,000 new shares at the subscription price of HK$0.07 per share. The subscription of new shares was completed on 18 September 2008, raising gross proceeds of approximately HK$15 million.

(d) On 29 October 2008, the Company entered into subscription agreements with CTF and Honour Choice Investments Limited respectively whereby the Company agreed to allot and issue and each of CTF and Honour Choice Investments Limited agreed to subscribe for 162,500,000 new shares and 75,000,000 new shares respectively, totalling 237,500,000 new shares (the "Subscription Shares") at a subscription price of HK$0.072 per share with 712,500,000 bonus shares in aggregate to be issued by the Company, credited as fully paid, to CTF and Honour Choice Investments Limited on the basis of three bonus shares for every Subscription Share upon completion of the share subscription. The share subscription was completed in accordance with the terms of the subscription agreements on 5 December 2008, which raised gross proceeds of approximately HK$17.1 million.

(e) During the year, the Convertible Bonds in the principal amount of HK$269,035,200 had been converted into 1,793,568,000 shares at a conversion price of HK$0.15 per share.

30. EMPLOYEE BENEFITS

(i) Defined contribution retirement plan

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Ordinance. Both the Group's and the employees' contributions are subject to a cap of HK$1,000 per month and thereafter contributions are voluntary. The assets of the MPF Scheme are held separately from those of the Group in an independently-administered fund. The Group's contributions vest fully with the employees when contributed into the MPF Scheme.

30. EMPLOYEE BENEFITS *(Continued)*

(i) Defined contribution retirement plan *(Continued)*

The Group has arranged for its employees in Singapore to join the Central Provident Fund Scheme (the "CPF Scheme"), a defined contribution scheme managed by the Central Provident Fund Board. Under the CPF Scheme, the Group and its Singapore employees make monthly contributions of 14.5% and 20%, respectively, of the employees' earnings as defined by the Central Provident Fund Board.

Pursuant to the regulations in the PRC, the employees in the PRC are required to join the pension fund（養老保險基金）which is a defined contribution scheme operated by the local government for the benefit of retired employees. The Group is required to make monthly contributions to the scheme at a specified rate of the employee payroll to fund the retirement benefits of the employees.

The aggregate amount of the Group's contributions to the aforementioned retirement schemes for the year was approximately HK$701,000 (2008: HK$347,000). As at 31 March 2009, contributions totalling HK$1,501,000 (2008: HK$48,000) payable to the aforementioned retirement schemes are included in other payables. There was no forfeited contribution available to reduce the Group's employer contribution payable during the years ended 31 March 2008 and 2009.

Save as disclosed above, the Group has no other obligations to make payments in respect of retirement benefits of the employees.

(ii) Share option scheme

At an extraordinary general meeting of the shareholders of the Company held on 4 March 2009, the original share option scheme (the "Original Share Option Scheme") was terminated and a new share option scheme (the "New Share Option Scheme") was adopted. The New Share Option Scheme shall remain in force for a period of ten years commencing on that date, subject to early termination by the Company in general meeting.

To enable the Company to motivate more persons to make contribution to the Group and recruit additional talents to serve the Group in attaining the long term objectives of the Company, the New Share Option Scheme has been adopted with a broader categories of eligible participants, including full time and part time employee, consultant, adviser, agent, contractor, customer, supplier and shareholder of the Group (the "Participants"). Under the terms of the New Share Option Scheme, the directors of the Company may determine the grant of any options to the Participants to subscribe for ordinary shares in the capital of the Company.

30. EMPLOYEE BENEFITS *(Continued)*

(ii) Share option scheme *(Continued)*

The overall limit on the number of shares which may be issued upon exercise of all options to be granted and yet to be exercised under the New Share Option Scheme and other share option schemes must not, in aggregate, exceed 30% of shares of the Company in issue from time to time. The total number of shares issued and which may fall to be issued upon exercise of the options granted under the New Share Option Scheme and any other share option schemes of the Company, including both exercised and outstanding options, to each Participant in any twelve month period must not exceed 1% of the then total issued share capital of the Company (the "Individual Limit"). Any further grant of options in excess of the Individual Limit must be subject to shareholders' approval in general meeting of the Company with such Participant and his associates (as defined in the GEM Listing Rules) abstaining from voting.

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time from the date of grant of the option to the date of expiry of the option as determined and notified by the directors of the Company to each grantee but may not be exercised after the expiry of ten years from the date of grant. The subscription price of the shares in respect of any particular option granted under the New Share Option Scheme shall be such price as the board of directors of the Company, in its absolute discretion, shall determine and notify the Participant, save that such price must be at least the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

As at 31 March 2009, no option had been granted or agreed to be granted under the Original Share Option Scheme or the New Share Option Scheme.

31. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 29.

Capital reserve

The capital reserve of the Group represents the difference between the nominal value of the shares and bonds of the acquired subsidiaries and the nominal value of the Company's shares and bonds issued for the acquisition at the time of group reorganisation in 2004 and 2009.

31. RESERVES *(Continued)*

(a) Group *(Continued)*

Statutory surplus reserve

In accordance with its articles of association and the relevant PRC laws and regulations, the Company's subsidiary in the PRC is required to set aside 10% of its annual net profit after taxation determined under PRC accounting regulations as the statutory surplus reserve until the reserve balance reaches 50% of the subsidiary's registered capital. The statutory surplus reserve can only be used for making up losses, capitalisation into capital and expansion of the subsidiary's production and operations.

Statutory welfare fund

In accordance with the relevant PRC laws and regulations, the Company's subsidiary in the PRC is required to appropriate 5% to 10% of its net profit after taxation under PRC accounting regulations as the statutory welfare fund. The fund can only be used to provide staff welfare facilities and other collective benefits to the subsidiary's employees. The fund is non-distributable other than in the event of liquidation.

As of 1 January 2006, the requirement to maintain a statutory welfare fund had been cancelled and the Group's statutory welfare fund can be utilized at the discretion of the directors of the relevant entities.

Statutory general reserve

In accordance with the relevant Macau laws and regulations, the Company's subsidiary in Macau is required to set aside not less than 25% of its annual net profit after taxation determined under Macau's accounting standards as the statutory general reserve until the reserve balance reaches 50% of the subsidiary's registered capital.

31. RESERVES *(Continued)*

(b) Company

	Share premium	Equity component of convertible bonds	Retained profits/ (Accumulated losses)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 April 2007	15,972	–	1,879	17,851
Issue of shares, net of expenses	79,073	–	–	79,073
Loss for the year	–	–	(1,023)	(1,023)
Dividends – 2007 final	–	–	(1,393)	(1,393)
At 31 March 2008 and 1 April 2008	95,045	–	(537)	94,508
Issue of shares, net of expenses	425,188	–	–	425,188
Issue of convertible bonds	–	259,200	–	259,200
Conversion of convertible bonds	272,871	(86,476)	–	186,395
Loss for the year	–	–	(50,403)	(50,403)
At 31 March 2009	**793,104**	**172,724**	**(50,940)**	**914,888**

Under section 34 of the Companies Law of the Cayman Islands, the share premium is available for distribution to shareholders subject to the provisions of the Articles of Association of the Company and no distribution may be paid to shareholders out of the share premium unless, immediately following the date on which distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

The Company had no reserve available for distribution to shareholders as at 31 March 2009 (2008: Nil).

32. COMMITMENTS

(a) Capital commitments

	Group	
	2009	2008
	HK$'000	HK$'000
Contracted, but not provided for:		
Property, plant and equipment	**–**	551

32. COMMITMENTS *(Continued)*

(b) Operating lease commitments

The Group leases certain of its land and buildings under operating lease arrangements. Leases for properties are negotiated for terms ranging between one to three years with fixed monthly rentals.

Future minimum lease payments of the Group under non-cancellable operating leases are as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**1,396**	1,095
In the second to fifth year, inclusive	**950**	817
	2,346	1,912

33. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the year, the Group entered into the following material related party transactions:

(a) Compensation of key management personnel of the Group:

	2009	2008
	HK$'000	HK$'000
Short-term employee benefits	**7,305**	3,443
Post-employment benefits	**52**	60
	7,357	3,503

Further details of directors' remuneration are included in note 10 to the financial statements.

(b) The Group paid HK$165,000 to Easely Investments Limited for leasing of a director's quarter for the year ended 31 March 2008. The lease arrangement was expired on 31 October 2007 and the Group did not renew the lease arrangement.

Easely Investments Limited is a company in which Mr. Chan Hing Yin, a director of the Company, has beneficial interest as a director and shareholder.

33. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

(Continued)

(c) During the year, the Group entered into the following connected transaction.

	2009	2008
	HK$'000	HK$'000
Consultancy fee	**420**	–

The consultancy fee is paid to Today's Eagle Limited. Today's Eagle Limited is owned by an associate of Mr. Leung Heung Ying, Alvin, who is a former Executive Director of the Company and resigned on 31 December 2008.

34. ACQUISITION OF SUBSIDIARY

On 30 April 2008, the acquisition of the entire issued share capital of SSC Mandarin Mining Investment Limited ("MIL") was completed. The amount of the goodwill arising as a result of the acquisition was approximately HK$1,405,497,000. Details of the transaction were set out in the Company's circular dated 28 March 2008.

34. ACQUISITION OF SUBSIDIARY *(Continued)*

The fair values and the corresponding carrying amounts of the net assets of MIL and its subsidiaries (collectively referred to as the "MIL Group") acquired in the transaction and the goodwill arising therefrom as at 30 April 2008 are as follows:

	Carrying amount and Fair value
	HK$'000
Property, plant and equipment	4,960
Intangible assets	107,909
Goodwill	2,531
Trade and other receivables	1,102
Prepayment for exploration and evaluation assets and mining rights	29,083
Inventories	6,810
Construction in progress	1,010
Cash and bank balances	7,481
Trade and other payables	(15,115)
Bank loans	(21,188)
Tax payable	(5,901)
Amount due to a minority shareholder	(64,050)
Amount due to a director	(64,220)
Net liabilities	(9,588)
Less: 28% minority interest	(5,073)
Fair value of the acquired assets	(14,661)
Goodwill	1,405,497
	1,390,836
Satisfied by:	
Cash	60,000
Issue of shares of the Company at fair value	380,160
Issue of convertible bonds	806,400
Issue of promissory notes	138,240
Incidental acquisition costs	6,036
	1,390,836

34. ACQUISITION OF SUBSIDIARY *(Continued)*

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of the MIL Group is as follows:

	HK$'000
Cash consideration	60,000
Cash and bank balances acquired	(7,481)
Net outflow of cash and cash equivalents in respect of the acquisition of the MIL Group	52,519

Goodwill arose in the business combinations because the cost of the combinations effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of MIL Group. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

In the opinion of the Company's management, the fair value adjustment for intangible assets adopted in interim report amounting to HK$159,453,000 will no longer be recognized in the acquisition of such subsidiary. Accordingly such fair value adjustment was reversed during the audit for the year ended 31 March 2009.

35. FINANCIAL RISK MANAGEMENT

The Group's major financial assets and liabilities include bank balances and cash, borrowing, convertible bonds, promissory notes, trade and other receivables trade and other payables, amount due to a director/a minority shareholder of a subsidiary. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risk are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Foreign exchange risk

The Group's monetary assets and transactions are principally denominated in Hong Kong Dollars ("HKD"), Renminbi ("RMB"), Singapore Dollars ("SGD"), Macau Pataca ("MOP") and United States Dollars ("USD"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group adopted a conservative treasury policy with most of the bank deposits being kept in HKD or USD, or in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risk.

The Group has certain investments and operations in the PRC, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's operations in the PRC is managed primarily through operating liabilities denominated in RMB.

35. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Foreign exchange risk *(Continued)*

To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's foreign currency exchange risks. However, the management continues to monitor the foreign exchange exposure regularly and will consider hedging significant foreign currency exposure should the need arise.

A reasonably possible change of 10% and 1% in exchange rates between RMB and USD to HKD respectively, with all other variables held constant, would not have material impact on the Group's profit and equity for the year.

(b) Interest rate risk

The Group's exposure to interest rate risk arises primarily from its borrowings and bank deposits. Borrowings and bank deposits at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group currently does not have any interest rate hedging policy. The management monitor the Group's exposure on ongoing basis and will consider hedging interest rate risk should the need arise.

At 31 March 2009, it is estimated that a general increase/decrease of 100 basis points (2008: 100 basis points) in interest rates, with all other variables held constant, would increase/decrease the Group's loss before tax and accumulated losses by approximately HK$28,105,000 (2008: HK$132,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the Group's exposure to interest rate risk for financial instruments in existence at that date. A 100 basis points (2008: 100 basis points) increase or decrease in interest rates represents management's assessment of a reasonably possible change in interest rates. The analysis is performed on the same basis for 2008.

(c) Commodity price risk

The Group's exposure to commodity price risk relates principally to the market price fluctuations in gold and other by-product commodities, which can affect the Group's results of operations.

The Group has not used any commodity derivative contracts to hedge its exposure to commodity price risk. The Group manages its exposure through constant monitoring and will consider hedging significant commodity price exposure should the need arise.

35. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Credit risk

The extent of the Group's credit exposure is represented by the aggregate balance of cash in bank, trade and other receivables and deposits. Cash transactions are limited to high-credit-quality institutions.

In respect of trade and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are due within 0-60 days from the date of billing. Debtors with balances that are more than 6 months are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

At the balance sheet date, the Group has a certain concentration of credit risk as 3% (2008: 19%) and 86% (2008: 67%) of total trade and other receivables were due from the Group's largest customer and the five largest customers respectively.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

(e) Liquidity risk

For the management of the Group's liquidity risk, the Group monitors and maintains a sufficient level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuation in cash flows. Management reviews and monitors the Group's working capital requirements regularly.

The following table sets out the remaining contractual maturities of the Group's non-derivative financial liabilities at the balance sheet date, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the prevailing rates at the balance sheet date) and the earliest date the Group can be required to pay:

	2009				2008		
	Carrying amount	Total contractual undiscounted cash flow	Within one year or on demand	After one year but within five years	Carrying amount	Total contractual undiscounted cash flow	Within one year or on demand
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade and other payables	24,631	24,631	24,631	–	14,636	14,636	14,636
Bank loan	28,111	28,111	28,111	–	–	–	–
Finance lease obligation	–	–	–	–	64	64	64
Tax payable	6,212	6,212	6,212	–	268	268	268
Amounts due to minority shareholder and director	90,081	90,081	33,843	56,238	–	–	–
Promissory notes	138,240	138,240	–	138,240	–	–	–
Convertible bonds	400,995	400,995	–	400,995	–	–	–
	688,270	688,270	92,797	595,473	14,968	14,968	14,968

35. FINANCIAL RISK MANAGEMENT *(Continued)*

(f) Capital risk management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern in order to support its business and maximise shareholders' value. To maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, sell assets as well as issue new debts or redeem existing debts.

The Group manages its capital structure and make adjustments to it, in light of cost and risk associated with the capital and changes in economic conditions.

(g) Fair value estimation

The Group's financial assets include cash and cash equivalents, bank deposits, trade and other receivables, and other investment. Financial liabilities include trade and other payables, bank loans, amounts due to a minority shareholder and a director as well as promissory notes and convertible bonds.

The fair value of convertible bonds is determined in accordance with generally accepted pricing model based on discount cash flow analysis.

The amounts due to a minority shareholder and a director are unsecured, interest free and have no fixed terms of repayment. Given these terms, no disclosure of their fair values have been made.

All other significant financial assets and liabilities are carried at amounts not materially different from their respective fair values in the consolidated balance sheet due to the nature or short-term maturity of these instruments.

36. SUBSEQUENT EVENTS

(i) Resolution approving the share consolidation was passed by the shareholders of the Company at an extraordinary general meeting on 4 May 2009, whereby every four existing shares of HK$0.001 par value each in the issued and unissued share capital of the Company into one consolidated share of HK$0.004 par value each (the "Consolidated Share") in the issued and unissued share capital of the Company (the "Share Consolidation"). Following the Share Consolidation becoming effective on 4 May 2009, the authorised share capital of the Company has become HK$20 million divided into 5 billion Consolidated Shares, of which 2,067,396,500 Consolidated Shares were in issue before placing of new shares by the Company as mentioned in (ii) below. Details of the Share Consolidation are set out in the Company's circular dated 16 April 2009.

(ii) Placing of a total of 2,640,000,000 new shares of the Company (before Share Consolidation) at HK$0.025 per share was completed on 7 May 2009, and gross and net proceeds of HK$66 million and approximately HK$64.71 million respectively have been raised by the Company. Details of the placing of shares are set out in the Company's circular dated 9 April 2009.

FINANCIAL SUMMARY

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**124,436**	250,903	320,066	402,429	388,860
(Loss)/Profit before taxation	**(94,793)**	(11,978)	3,268	8,629	9,782
Taxation	**(410)**	342	413	(116)	(558)
(Loss)/Profit after taxation	**(95,203)**	(11,636)	3,681	8,513	9,224
Minority interests	**2,724**	–	–	–	–
(Loss)/Profit attributable to shareholders	**(92,479)**	(11,636)	3,681	8,513	9,224
ASSETS, LIABILITIES AND MINORITY INTERESTS					
Non-current assets	**1,548,753**	97,711	28,802	30,884	21,680
Current assets	**80,772**	74,012	103,109	79,893	78,932
Total assets	**1,629,525**	171,723	131,911	110,777	100,612
Shareholders' funds	**936,203**	155,664	85,702	82,730	75,660
Minority interests	**2,349**	–	–	–	–
Total equity	**938,552**	155,664	85,702	82,730	75,660
Current liabilities	**94,597**	14,968	43,621	24,009	23,923
Non-current liabilities	**596,376**	1,091	2,588	4,038	1,029
Total equity and liabilities	**1,629,525**	171,723	131,911	110,777	100,612