PAN ASIA MINING LIMITED
寰亞礦業有限公司

（於開曼群島註冊成立之有限公司）
(Incorporated in the Cayman Islands with limited liability)
(Stock Code 股份代號 : 8173)

2010
Annual Report 年報

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

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BOARD OF DIRECTORS

Executive Directors

Mr. Wong Chung Yu, Denny *(Chairman)*
Mr. Liu Junqing

Non Executive Director

Mr. Yin Mark Teh-min

Independent Non-executive Directors

Mr. Lai Kai Jin, Michael
Mr. Chan Siu Wing, Raymond
Mr. Chu Hung Lin, Victor

COMPANY SECRETARY

Mr. Chan Ming Cho, Joe

AUTHORISED REPRESENTATIVES

For the purpose of the GEM Listing Rules

Mr. Wong Chung Yu, Denny
Mr. Chan Ming Cho, Joe

COMPLIANCE OFFICER

Mr. Wong Chung Yu, Denny

REGISTERED OFFICE

P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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1 Matheson Street,
Causeway Bay,
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

AUDITORS

CCIF CPA Limited
34/F., The Lee Gardens,
33 Hysan Avenue
Causeway Bay
Hong Kong

STOCK CODE

8173

COMPANY WEBSITE

http://www.pamining.com

TURNOVER AND NET LOSS

For the year ended 31 March 2010, the principal business, exploration and exploitation of mineral resources, has not yet generated any income. Turnover of trading and sales of metals was approximately HK$14,730,000 (2009: HK$4,287,000), up by 244% as compared to the same period in 2009. Gross profit was approximately HK$139,000 (2009: gross loss of approximately HK$35,000). Loss for the year amounted to approximately HK$264,164,000 (2009: Loss HK$162,918,000), representing a 62% increase compared with that of last year mainly due to full year impact of the imputed finance costs for the convertible bonds and promissory note of approximately HK$270,814,000 (2009: HK$117,872,000) partially offset by profits on disposals of discontinued operations of approximately HK$30,538,000 (2009: nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2010, the Group's current ratio was approximately 0.03, representing a decrease of approximately 69% when compared to that of the previous financial year. Gearing ratio, calculated based on non-current liabilities of approximately HK$469,824,000 (2009: HK$1,130,843,000) and shareholders' surplus of approximately HK$4,739,129,000 (2009: shareholders' surplus HK$4,262,278,000) decreased from 26.5% for 2009 to 9.9% for 2010. The decreases in current ratio and gearing ratio were primarily due to the re-classification of promissory note in fair value of approximately HK$184,753,000 (2009: HK$160,510,000) from non-current liabilities to current liabilities and conversions of convertible bonds during the year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2010, the Group has 20 full time employees (2009: 34). Employees are remunerated with reference to market terms and according to their individual work performance, qualification and experience. Remuneration includes monthly basic salaries, retirement benefits under the Mandatory Provident Fund, medical schemes and performance-lined discretionary bonuses.

All qualifying Group employees in Hong Kong participate in the Mandatory Provident Fund Scheme (the "Scheme"). The assets of the Scheme are held separately from those of the Group in funds under the control of trustees. Group contributions were grossly matched by employee contributions.

The Company's policy concerning remuneration of the executive Directors is as follows:

(i) the executive Directors' remuneration is determined on the basis of his or her experience, responsibility, workload and the time devoted to the Group; and

(ii) at the discretion of the Board or a committee thereof, the executive Directors may be granted options pursuant to the Share Option Scheme as defined in note 35 to the financial statements and/or any other such schemes of the Company as part of their remuneration package.

BORROWING FACILITIES

As at 31 March 2010, the Group has no borrowing facilities.

The Group generally finances its operation by internal resources and a HK$8 million non-secured and non-interest bearing loan from a shareholder having no fixed repayment date.

As at the latest practical date, the Directors consider that after Completion of the Investment Agreement and Debt Restructuring Agreement (details of which have been disclosed in the Announcement date 14 May 2010), the Group will have sufficient working capital to meet its present requirements. If the Investment Agreement and Debt Restructuring Agreement cannot be completed by 30 September 2010 (the Long Stop Date), the Directors will actively pursue alternative source of fundings to meet the Group's working capital requirements.

PLEDGE OF ASSETS

At 31 March 2010, the Group has no asset being pledged.

TREASURY POLICIES

The Group's functional currency is mainly denominated in United States Dollar and the majority of the Group's tangible assets are denominated in Hong Kong Dollar. The outstanding convertible bonds are denominated in United States Dollar and are redeemable or convertible using an agreed fixed rate of HK$7.8 to US$1.0. As a result the convertible bonds have no exposure to exchange rate fluctuations. The Group has no other material exposure to exchange rate risks and has not made any arrangement to hedge against expenses, assets and liabilities for exchange rate fluctuation.

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by all effective means. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

BUSINESS REVIEW

The Group successfully obtained 2 exploration permits ("**EPs**") covering approximately 41,094 hectares Mining Area in the Leyte Gulf and San Pedro Bay off Leyte and Samar in the Philippines on 23 December 2009. The EPs are valid for a period of 2 years and shall be renewable for like periods but not to exceed a total term of 6 years subject to compliance with all the terms and conditions of the EPs and provided that there is no violation of any provision of the Mining Act and its Implementing Rules and Regulations. Mogan was conducting exploration programs jointly with Mines And Geosciences Bureau of Philippines ("**MGB**") under the provisions of a Memorandum of Agreement entered into between Mogan and MGB. Since the EPs were granted, Mogan has been conducting the exploration program independently.

On 15 June 2010, MGB has also accepted Mogan's application for a Mineral Production Sharing Agreement ("**MPSA**"). The acceptance of the application signified that Mogan has fulfilled mandatory requirements of the application. The application is about to enter the stage of review and evaluation by MGB. Upon approval of the MPSA by MGB, the Group will have the required permit to roll-out production facilities for magnetite exploitation in the Philippines.

Performance of the Group's video distribution business continued to be weak during the year. On 15 September 2009, the Group completed disposal of all interests in the loss-making Panorama Entertainment Group Limited ("**Panorama Group**") to an independent third party for a nominal consideration of HK$100. Upon completion of the disposal, Panorama Group has consolidated net liabilities of approximately HK$25,204,000. A once-off gain on disposal of approximately HK$25,204,000 was recorded.

Besides, on 29 June 2009, the Group completed disposal of all interests in the loss-making Datewell Group & CPE Program Distribution Limited ("**Datewell Group**") to another independent third party for a nominal consideration of HK$100. Upon completion of the disposal, Datewell Group has consolidated net liabilities of approximately HK$5,334,000. A once-off gain on disposal of approximately HK$5,334,000 was recorded.

PROSPECTS

In 2010, Vale, Rio Tinto and BHP, the world's biggest exporters of the iron ore, replaced the cumbersome annual benchmark system with a new index-based mechanism, and purported that prices for each quarter would now be based on the average spot market price during the previous quarter. The big three's final goal is likely to move to spot-based sales to end fixed-term contract sales. Most believe the next couple of quarters will be the testing point.

For the coming third quarter, the three big suppliers are proposing hikes ranging from 20 percent to 30 percent, all based on the Platts iron ore index. While China, the largest buyer of iron ore, still insists that ore price negotiations with Vale, Rio Tinto and BHP Billiton are continuing although its mills have won permission to agree "interim" deals. We believe that the above stated price increase will likely to prevail in the third quauter.

Meanwhile, China's steel industry may have to deal with headwind including near term slow down in property sector and removal of export tax rebate. There are other policy related issues steel mills would have to deal with such as industry-wide capacity reduction arises from China's push to cut down energy consumption during the eleventh five-year plan and government driven consolidation. Upon achieving these goals PRC steel industry will likely to enjoy better pricing power and improving profit margins along with stronger bargaining power with the Big Three miners hence will lead to a healthier steel industry. These policy directives will take time to materialise and the Big Three miners will likely to have the upper hand towards China's steel industry for the time being. The ongoing recovery for worldwide economy and strong domestic demand will continuous provide pricing supports to the iron ore market during the near to mid-term horizon. We consider that it is an appropriate time for the Group to enter the market.

The Group has been proceeding with the Investor and Kesterion on the fulfillment of the necessary steps and procedures for the completion and implementation of the Investment Agreement and the Debt Restructuring Agreement (details of which have been disclosed in the announcement dated 14 May 2010) and the conditions precedent thereof. If the Investment Agreement and the Debt Restructuring Agreement together with the transactions thereof are completed, the Group will have the necessary initial start-up capital for the mining business in the Philippines and for meeting its general working capital requirements. It is expected that full potential of the mining business will then be able to be realized.

CORPORATE GOVERNANCE PRACTICES

The Company recognises that establishment and implementation of good corporate governance standards helps the Group to achieve its corporate objectives and fulfill the expectation of shareholders effectively. The Board of Directors (the "**Board**") of the Company, has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "**CG Code**") of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the year ended 31 March 2010. The current practices will be reviewed regularly so as to follow the latest practices in corporate governance.

BOARD OF DIRECTORS

The Board of the Company comprises the following members:

Name	**Change**
Executive Directors	
Mr. Wong Chung Yu, Denny *(Chairman)*	
Mr. Liu Junqing	(appointed on 9 Dec 2009)
Mr. Kwong Wai Ho, Richard	(resigned on 26 Jan 2010)
Non-Executive Director	
Mr. Yin Mark Teh-min	
Independent Non-executive Directors	
Mr. Lai Kai Jin, Michael	
Mr. Chan Siu Wing, Raymond	
Mr. Chu Hung Lin, Victor	(appointed on 1 June 2009)

The Board is responsible for the leadership and control of the Company. It also oversees the Group's business, strategic decisions and directions, and performances including an oversight of the management of the Group. The management of the Group has been delegated with the authority and responsibility by the Board for the general and day-to-day management of the Group. In addition, the Board has also delegated various responsibilities to other committees. Further details of the committees are set out in this report.

The Directors do not have any relationship (including financial, business, family or other material/relevant relationship(s)) with each other except that Mr. Wong Chung Yu, Denny is the brother-in-law of Mr. Yin Mark Teh-min.

Pursuant to Article 99 of the articles of association of the Company applicable at the relevant time of appointment, Mr. Liu Junqing, shall retire at the Annual General Meeting, and being eligible, will offer himself for re-election at such forthcoming annual general meeting of the Company. Pursuant to Article 116 of the articles of association of the Company, Mr. Wong Chung Yu, Denny and Mr. Yin Mark Teh-min shall retire by rotation and are eligible to offer themselves for re-election in the forthcoming annual general meeting.

The Board meets regularly to discuss the Company's affairs and operations. During the financial year ended 31 March 2010, the Board held 4 regular Board meetings (within the meaning of the CG code) at approximately quarterly interval and 8 Board meetings which were convened when board-level decisions on particular matters were required. The attendance record of each member of the Board is set out at **Details of the attendance of each member of the Board and Committees**.

Each of the current non-executive Director and independent non-executive Directors has entered into a service contract with the Company with a fixed term of office of 1 year on the date of their appointments. Such service contracts will be automatically renewable for successive terms of one year unless terminated by either party by one month written notice to the other party and is subject to rotation and re-election provisions in the articles of association of the Company.

All independent non-executive Directors are considered to be independent by the Board as the Board has received from each independent non-executive Director his annual confirmation on independence as required by the GEM Listing Rules.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of quarterly, interim and annual results.

The Company confirms that, having made specific enquiry from all Directors, all Directors have confirmed that they complied with the required standards of dealing as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under A.2.1 the CG Code, the roles of chairman and chief executive officer should be separated.

The role of chairman is primarily responsible for leading the Board in setting strategic decision and policies direction and also ensuring the effectiveness of management in execution of the strategy approved by the Board. Responsibilities for general and day-to-day operations of the Group lie with the other executive Directors and management of the Group and each business units thereof.

Subsequent to the resignation of the former chief executive officer, Mr. Chin Wai Keung, Richard on 2 January 2009, the post has been vacant as at 31 March 2010. The Board will keep reviewing the current structure from time to time and will make appointment to fill the post as appropriate.

ROTATION OF DIRECTORS

Under provision of A.4.2. of the CG Code, every director should be subject to retirement by rotation at least once every three years. Although the existing articles of association of the Company do not have exact provisions to this effect, they do however provide that one-third of the Directors shall retire from office by rotation and the Directors to retire in every year shall be those who have been longest in office since their last election. The actual operation of the aforesaid provisions of the existing articles of association of the Company should in principle result in each Director being subject to retirement by rotation at least once every three years. Considered in this perspective, the Company has substantially complied with the CG Code regarding the requirement that every Director should be subject to retirement by rotation at least once every three years. In addition, the Board will ensure that the provision of A.4.2 of the CG Code will be complied with in practice.

REMUNERATION OF DIRECTORS

The remuneration committee of the Company (the "**Remuneration Committee**") was established in March 2006 and currently consists of three members, one of which is a non-executive Director, Mr. Yin Mark Teh-min and the other two are independent non-executive Directors, Mr. Lai Kai Jin, Michael and Mr. Chu Hung Lin, Victor. The chairman of the Remuneration Committee is Mr. Lai Kai Jin, Michael.

The roles and functions of the Remuneration Committee are set out in the written terms of reference of the Remuneration Committee which include the determination of the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, making recommendations to the Board as to the remuneration of the non-executive Directors and to review and approve performance-based remuneration.

The Remuneration Committee held three meeting during the financial year ended 31 March 2010. The attendance record of each member of the Committee is set out at **Details of the attendance of each member of the Board and Committees**.

At the said meeting, the Remuneration Committee reviewed the remuneration packages of the Directors and resolved that the same were in line with normal market standard.

The executive Directors are responsible for reviewing all relevant remuneration data and market conditions as well as the performance of the individual and the profitability of the Company, and propose to the Remuneration Committee for consideration and approval, remuneration packages for Directors and senior management. The executive Directors, however, do not participate in determining their own remuneration packages.

For the financial year ended 31 March 2010, the remuneration of Directors and senior management or the Group was determined with reference to the performance and profitability of the Company as well as remuneration benchmarks from other local and international companies similar to the Company and the prevailing market conditions which is consistent with the principles applied in the past. Directors and employees also participate in bonus arrangements determined in accordance with the performance of the Group and the individual's performance.

Details of Directors' emoluments for the financial year ended 31 March 2010 are set out in the note 7 to the financial statements.

NOMINATION OF DIRECTOR

No nomination committee was established by the Company.

According to the articles of association of the Company, the Board has the power from time to time and at any time to appoint any person as Director either to fill a casual vacancy or as an addition to the Board. In assessing nomination of new Directors, the Board takes into account a nominee's qualifications, ability and potential contribution to the Company. Therefore, nomination of new Directors will be made by the Board based on the need of the Company and the expertise, experience and potential contribution of individual candidate. Members of the Board will also be invited to nominate suitable candidate for consideration by the Board.

During the financial year ended 31 March 2010, the Board has met 2 times in connection with the nomination and appointment of new Directors. The attendance record of each member of the Board is set out at **Details of the attendance of each member of the Board and Committees**.

Save as mentioned above, there was no other board meetings involving nomination and appointment of new Directors.

Pursuant to the aforementioned, two Board meetings in relation to the nomination and appointment of new Directors, the Board appointed Mr. Liu Junqing as executive Director and Mr. Chu Hung Lin, Victor as independent non-executive Directors.

AUDITOR'S REMUNERATION

For the year ended 31 March 2010, the total remuneration in respect of audit services provided by the auditors of the Company, CCIF CPA Limited, was HK$500,000. Other non-audit services worth of HK$86,000 were provided by the auditors during the year.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises four members of which one is a non-executive Director, Mr. Yin Mark Teh-min and three independent non-executive Directors, Mr. Lai Kai Jin, Michael, Mr. Chan Siu Wing, Raymond and Mr. Chu Hung Lin, Victor. The chairman of the Audit Committee is Mr. Chan Siu Wing, Raymond. The written terms of reference of the Audit Committee sets out the duties of the Audit Committee which includes reviewing and supervising the financial reporting and internal controls procedures of the Group and to review and approve the Company's annual reports and accounts, interim report and quarterly reports to the Board. The Audit Committee held 6 meetings during the financial year ended 31 March 2010. The attendance record of each member of the Committee is set out at **Details of the attendance of each member of the Board and Committees**.

The Audit Committee has reviewed the Group's unaudited quarterly and interim results and annual audited results for the financial year ended 31 March 2010 and also reviewed the system of internal control of the Group in accordance with provision C.2.1 of the CG Code. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made and is of the view that the system of internal control of the Group is sufficient to safeguard the interests of the Group.

DETAILS OF THE ATTENDANCE OF EACH MEMBER OF THE BOARD AND COMMITTEES:

Name	Change	Board Meeting	Remuneration Committee Meeting	Board Meeting for Appointment of New Directors	Audit Committee Meeting
Executive Directors					
Mr. Wong Chung Yu, Denny *(Chairman)*		11/12	—	2/2	—
Mr. Liu Junqing	(appointed on 9 Dec 2009)	3/4	—	—	—
Mr. Kwong Wai Ho, Richard	(resigned on 26 Jan 2010)	9/10	—	1/2	—
Non-Executive Director					
Mr. Yin Mark Teh-min		11/12	3/3	2/2	6/6
Independent Non-executive Directors					
Mr. Lai Kai Jin, Michael		10/12	3/3	2/2	6/6
Mr. Chan Siu Wing, Raymond		8/12	—	2/2	6/6
Mr. Chu Hung Lin, Victor	(appointed on 1 June 2009)	9/10	2/2	1/1	5/5

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors acknowledged their responsibilities for the preparation of the financial statements, which give a true and fair view, and to be prepared in accordance with the statutory requirements, and applicable standard and issued in a timely manner. The Auditors are responsible for forming an independent opinion, based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the shareholders of the Company.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

The statement of the Auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Auditors' Report on pages 25 to 28.

REVIEW OF INTERNAL CONTROL SYSTEM

The Board has overall responsibility for the system of internal controls of the Group and for reviewing its effectiveness and the Board has conducted a review of the effectiveness of the system of internal control of the Group in accordance with provision C.2.1 of the CG Code and is of the view that the system of internal control of the Group is sufficient to safeguard the interests of the Group. The duties of the Audit Committee also includes reviewing and supervising the internal control procedures of the Group.

EXECUTIVE DIRECTORS

Mr. Wong Chung Yu Denny ("Mr. Wong"), aged 40, is an executive Director of the Company since 20 May 2008 and re-designated as the chairman of the Company on 6 May 2009. Mr. Wong is the director of Black Sand Enterprises Limited, Black Sand Resources Trading Limited, Black Sand Securities Trading Limited, First Pine Enterprises Limited, Mt. Mogan Holdings, Inc., Mt. Mogan Resources and Development Corporation, Service Form Limited and 寰亞宏華商貿（北京）有限責任公司, all are subsidiaries of the Company. Mr. Wong earned a Bachelor of Science in Electrical Engineering at Rutgers University and a Master of Business Administration from New York University in the United States. Mr. Wong possesses more than 12 years of experience in the banking and financial industry and has a strong background in market investment development. He was previously a senior research analyst for China Construction Bank International Securities Company Limited covering the H-share market strategy and small/mid-cap sectors. Prior to that, Mr. Wong worked for the investment banking division of China Merchant Securities (HK) Limited and had participated in numerous transactions involving mergers and acquisitions, corporate restructuring, and business valuation. Before that, he was vice president and chief financial officer of Mandra Capital Company Limited, a private investment company specializing in PRC industrial and resources investments, and had participated in various transactions including privatization of a state owned enterprise, debt to equity conversion, as well as assessed numerous investment opportunities covering, among others, the healthcare, paper mills, mining, forestry and property industries. Prior to that, Mr. Wong had worked at Salomon Smith Barney and Citigroup in the United States and Hong Kong as vice president equity research analyst and was a member of the Institutional Investor second ranked equity quantitative research team. Mr. Wong is the brother-in-law of Mr. Yin Mark Teh-min.

Mr. Liu Junqing ("Mr. Liu"), aged 41, is an execurive Director of the Company since 9 December 2009. Mr Liu is the Business Development director of Black Sand Enterprises Limited and the director of 寰亞宏華商貿（北京）有限責任公司, all are subsidiaries of the Company. Mr. Liu is a graduate of the Institute of Steel and Iron Beijing (Beijing Division)* (北京鋼鐵學院(北京分院)) specializing in the field of pressure processing on metals. Mr. Liu has over 10 years of experience in corporate consolidation, crisis management and resources integration. He is also highly experienced in the fields of communications and education. He has taken up the post of General Manager of Sino-foreign Construction Chao Fan Assets Management Company Limited* (中外建超凡資產管理有限公司), General Manager of China Agricultural Silicon Valley Production Head Company* (中國農業硅谷產業總公司) and General Manager of China Litong Property Company Limited* (中國利通置業有限公司). In addition, Mr. Liu has been involved in consolidating more than 10 enterprises of trading and industrial nature and he has established the first asset management company in China. Amid the SARS outbreak, he has organized numerous large-scale interactive live video conferencing sessions for education purpose for organizations including Beijing Normal University and China United Network Communications Group Co., Limited. After 2005, Mr. Liu has concentrated on the reorganization of enterprises in the resource exploitation business and has established more than 5 joint venture companies of medium to large scale in the mining business in Yunan, China. He has helped the enterprises to overcome the challenges of the financial crises through reorganizing various enterprises in the production chain.

* *For identification purpose only*

NON-EXECUTIVE DIRECTOR

Mr. Yin Mark Teh-min (**"Mr. Yin"**), aged 40, is a non-executive Director and a member of each of the audit and remuneration committee of the Company since 20 May 2008. Mr. Yin is an independent consultant with over 17 years of experience as an operational sales and marketing executive. He has held executive management and operational roles in the United States and Asia including business planning and management of large scale projects spanning multiple organizations. Prior to his consultancy, he most recently served as a vice president at Infinera Corporation, a manufacturer of telecommunications equipment, where he led the marketing efforts and, later, Asia Pacific sales and market development. Previously, Mr. Yin served as an executive in sales and marketing roles at Lightera Networks, Ciena Corporation and Cisco Systems/Stratacom. Mr. Yin earned a Bachelor of Science in Electrical Engineering at Rutgers University and a Master of Science in Operations Research at Stanford University. Mr. Yin is the brother-in-law of Mr. Wong Chung Yu, Denny.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lai Kai Jin Michael (**"Mr. Lai"**), aged 40, is an independent non-executive Director, a member of the audit committee and the chairman of the remuneration committee of the Company since 18 February 2008. Mr. Lai graduated from the National University of Singapore with a LL.B (Hons) Degree in 1994 and was called to the Singapore Bar the following year. He was formerly a partner of Messrs. KhattarWong, one of the largest law firms in Singapore with over 100 professional staff and offices in Singapore, Shanghai, Hanoi and Ho Chih Minh, where he headed the firm's International Trade and Shipping department. Mr. Lai's practice focused on marine insurance, shipping and admiralty law and involved handling legal disputes arising out of international trade and transport. Mr. Lai has acted as lead counsel in numerous cases before the High Court and Court of Appeal of Singapore and in arbitrations. Mr. Lai was formerly the Chairman of the Advisory Body Legal Matters, FIATA and the Legal Counsel for the Singapore Logistics Association. Mr. Lai is currently the Chairman of PVKeez Pte Limited, a joint venture between EOC Limited ("EOC"), Ezra Holdings Limited, Keppel Corporation Limited and PetroVietnam Transportation Corporation set up for the conversion, management and operation of a Floating Production Storage and Offloading ("FPSO") facility in Vietnam's Chim Sao oilfield; a contract worth US$1 billion, with all options exercised. He sits on the Board of Directors of EOC, a company whose shares is listed on the Oslo Stock Exchange. EOC is the leading owner and operator of FPSOs and offshore construction assets based in Asia. Mr. Lai also sits on the Board of Directors of Select Group Limited, a company whose shares is listed on the Singapore Stock Exchange and Interlink Petroleum Limited, a company whose shares is listed on the Mumbai Stock Exchange. Furthermore, Mr. Lai holds the position as a non-executive Director of NagaCorp Limited, a company whose shares is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Chan Siu Wing, Raymond ("Mr. Chan"), aged 45, is an independent non-executive Director and the chairman of the audit committee of the Company since 1 September 2008. Mr. Chan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a Certified Practising Accountant of the CPA Australia and a founding member of Macau Society of Certified Practising Accountant. Mr. Chan received a Bachelor of Economics Degree from University of Sydney in 1985. Mr. Chan has over 20 years of experience in the field of accounting, taxation and trust and has been the Chief Operating Officer of Chinachem Group since 15 November 2008. Mr. Chan currently holds the position as an executive Director of ENM Holdings Limited ("ENM"), a company whose shares is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and a director of certain subsidiaries of the ENM. Mr. Chan also holds the position as an independent non-executive Director of Cardlink Technology Group Limited, a company whose shares are listed on the GEM of the Stock Exchange. For the period from 28 September 2004 to 22 December 2009 and from 2 April 2009 to 7 April 2010, Mr. Chan was an independent non-executive Director of Prosperity Investment Holdings Limited and Karce International Holdings Company Limited respectively, both companies whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Chu Hung Lin, Victor ("Mr. Chu"), aged 42, is an independent non-executive Director and a member of each of the audit committee and remuneration committee of the Company since 1 June 2009. Mr. Chu has a diversified experience in the industries of film production, land development, private pre-IPO investment and food and catering. During the period from January 2001 to June 2003, he was the deputy chairman and executive director of Climax International Company Limited, shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Since 2003, he has been actively involved in food and beverage business and has been a shareholder and director of certain private companies. Mr. Chu is responsible for the business development and product development of such companies.

SENIOR MANAGEMENT

Mr. Koh Tat Lee, Michael ("Mr. Koh"), aged 43, is a director of Black Sand Enterprises Limited ("BSEL"), a subsidiary of the Company. He holds a Master degree of Electrical Engineering and a Master degree of Industrial Engineering from Columbia University in the United States. Mr. Koh possesses more than 10 years of experience in the telecommunications industry and project management. He has worked at Bell South and AT & T in the United States and was promoted to technical director before he left AT & T. Mr. Koh was the vice president of First Pacific Company Limited (stock code: 0142). During his tenure at First Pacific Company Limited from year 1994 to 1997, Mr. Koh founded a private company called Tuntex Telecom in Taiwan and assumed the post of president for the period from year 1995 to 1997. Mr. Koh was an executive director of M Dream Inworld Limited (stock code: 8100) and the chairman of China Railway Logistics Limited (stock code: 8089, formerly known as Proactive Technology Holdings Limited) before joining BSEL.

Mr. Chan Ming Cho, Joe ("Mr. Chan"), aged 45, is the chief financial officer and company secretary of the Company and the finance director of BSEL. He has worked for SmarTone Mobile Communications Limited (stock code: 0315) for 9 years and was the finance general manager before joining the Company. Before that he was the financial controller of Shenzhen Merchant Link Limited (the PRC telecom investment joint venture of First Pacific Company (stock code: 0142) and China Merchant Holdings), the project finance manager of Pacific Link Communications Limited (subsequently merged with CSL) and an auditor in Arthur Andersen & Co. (subsequently merged with PricewaterhouseCoopers). Mr. Chan possesses over 20 years of financial management, planning, control and auditing experiences. He earned his master degree in business administrations from University of South Australia and he is a member of The Institute of Chartered Accountants in England & Wales, fellow member of both Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants.

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its subsidiaries are set out in note 20 to the Financial Statements.

SEGMENT INFORMATION

An analysis of the principal activities and geographical locations of operations of the Group for the year ended 31 March 2010 are set out in note 14 to the Financial Statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2010 are set out in the Consolidated Income Statement on page 29.

The Directors do not recommend the payment of a dividend.

RESERVES

Movements in the reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity and note 34 to the Financial Statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 15 to the Financial Statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 33 to the Financial Statements. Save for the conversion rights exercised during the year as disclosed in the note, there was no other conversion or subscription rights under any convertible securities, options, warrants or similar rights of the Group being exercised during the year.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 129.

PRE-EMPTIVE RIGHTS

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

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

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

SHARE OPTIONS

Save as disclosed in note 35 to the financial statements, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate. No share option was granted to or exercised by the Directors during the year.

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events of the Group are set out in note 43 to the Financial Statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors

Mr. Wong Chung Yu, Denny	
Mr. Liu Junqing	(appointed on 9 Dec 2009)
Mr. Kwong Wai Ho, Richard	(resigned on 26 Jan 2010)

Non-Executive Director

Mr. Yin Mark Teh-min

Independent Non-executive Directors

Mr. Lai Kai Jin, Michael
Mr. Chan Siu Wing, Raymond
Mr. Chu Hung Lin, Victor

Pursuant to Article 99 of the articles of association of the Company applicable at the relevant time of appointment, Mr. Liu Junqing shall retire at such forthcoming annual general meeting of the Company and, being eligible, will offer himself for re-election.

Pursuant to Article 116 of the articles of association of the Company, Mr. Wong Chung Yu, Denny and Mr. Yin Mark Teh-min shall retire from office by rotation at such forthcoming annual general meeting of the Company and, being eligible, will offer themselves for re-election.

The Company has received annual confirmation of independence from each of the independent non-executive Directors and as at the date of this report still considers them to be independent.

Each of the current executive Directors, Mr. Wong Chung Yu, Denny and Mr. Liu Junqing has entered into service contract with the Company which have no fixed termination date but can be terminated by either party by three months' written notice to the other party and is subject to rotation and re-election provisions in the articles of association of the Company.

Each of the current non-executive Director and independent non-executive Directors has entered into a service contract with the Company with a fixed term of office of 1 year on the date of their appointment. Such service contracts will be automatically renewable for successive terms of one year unless terminated by either party by one month written notice to the other party and is subject to rotation and re-election provisions in the articles of association of the Company.

Save as disclosed above, no Director being proposed for re-election at the forthcoming annual general meeting of the Company has any service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 38 to the Financial Statements, there were no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

As at 31 March 2010, the interests and short positions of each Directors and chief executives of the Company in the shares (the "**Shares**"), underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

The Company

Long positions in Shares of the Company

Name of directors/ chief executive	Number of Shares	Approximate percentage of shareholding	Capacity
Yin Mark Teh-min	2,500,000	0.03	Interest of spouse
	380,000	0.01	Beneficial owner
Sub-total:	2,880,000	0.04	*(Note 1)*

Notes:

1. Ms. Wong Shu Wah, Ceci ("Ms Wong"), being the wife of Mr. Yin Mark Teh-min ("Mr. Yin"), has interests in 2,500,000 Shares. Accordingly, Mr. Yin is deemed to have interests in such 2,500,000 Shares. Mr. Yin also holds 380,000 Shares as beneficial owner. Therefore, Mr. Yin is interested and deemed to have interests in 2,880,000 Shares in total.

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

There are no short positions of the Directors and the chief executives in the Shares, underlying Shares and debentures of the Company and its associated corporations that (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO

As at 31 March 2010, the following persons (other than Directors and chief executives of the Company) had an interest and/or a short position in the Shares or underlying Shares in respect of equity derivatives of the Company that has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO):

Long positions in Shares of the Company

Name of shareholder	Number of Shares of the Company	Approximate percentage of shareholding	Capacity
Kesterion Investments Limited	1,020,250,000	13.42	Beneficial owner
Wong, Eva	1,020,250,000	13.42	Interest of controlled corporation
	2,260,000	0.03	Beneficial owner
Sub-total:	1,022,510,000	13.45	
Koh Tat Lee, Michael	1,022,510,000	13.45	Interest of spouse *(Note 1)*
Ryan Luis V. Singson	1,787,990,000	23.52	Beneficial owner

Notes:

1. Mr. Koh Tat Lee, Michael, being the husband of Ms. Eva Wong, is deemed to have interests in such 1,022,510,000 shares.

Long positions in the underlying Shares of the Company

Name of shareholder	Number of underlying Shares in respect of equity derivatives of the Company	Approximate percentage of the issued share capital of the Company	Capacity
Kesterion Investments Limited	2,245,000,000	29.53	Beneficial owner *(Note 2)*
Wong, Eva	2,245,000,000	29.53	Interest of controlled corporation *(Note 2)*
Koh Tat Lee, Michael	2,245,000,000	29.53	Interest of spouse *(Note 2)*

Notes:

2. This represents the principal amount of approximately US$201,474,359 of convertible bonds, which upon conversion in full will result in the allotment and issue of 2,245,000,000 Shares, which have been issued to Kesterion Investments Limited on 18 Decemeber 2008 as part of considerations for the acquisition of First Pine Enterprises Limited. The entire issued share capital of Kesterion Investments Limited is beneficially owned by Ms. Eva Wong ("Ms. Wong"). Ms. Wong, is the sister of the chairman of the Company, Mr. Wong Chung Yu, Denny and the sister-in-law of a non-executive Director of the Company Mr. Yin Mark Teh-min. Mr. Koh Tat Lee, Michael, being the husband of Ms. Wong, is deemed to have interests in such 2,245,000,000 shares.

CONNECTED TRANSACTIONS

Among the related party transaction disclosed in note 38 to the financial statements for the year ended 31 March 2010, the following transactions constituted connected transactions of the Company under the GEM Listing Rules.

The Directors consider that the above indebtedness of the Group was incurred under normal commercial terms and in the ordinary and usual course of business, and the terms are fair and reasonable and in the interests of the shareholders of the Company as a whole.

COMPETING INTERESTS

None of the Directors, management shareholders or controlling shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes or may compete with the business of the Group during the year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained sufficient public float as required under the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in note 35 to the Financial Statements, at no time during the year was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

AUDITORS

CCIF CPA Limited will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for reappointment. A resolution for the re-appointment of CCIF CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

By Order of the Board

Chairman
Wong Chung Yu, Denny

Hong Kong
28 June 2010

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PAN ASIA MINING LIMITED (FORMERLY KNOWN AS INTELLI-MEDIA GROUP (HOLDINGS) LIMITED)

(Incorporated in Cayman Islands with limited liability)

We were engaged to audit the consolidated financial statements of Pan Asia Mining Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 128, which comprise the consolidated and Company's statements of financial position as at 31 March 2010 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company 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 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 financial statements based on our audit. This report is made 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 issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. However, because of the matters described in the basis for disclaimer of opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

(a) Material uncertainties relating to going concern basis

The Group incurred a consolidated net loss attributable to owners of the Company of approximately HK$263,794,000 for the year ended 31 March 2010 and had consolidated net current liabilities of approximately HK$195,399,000 as at 31 March 2010.

As explained in note 43 (b) to the consolidated financial statements, on 9 April 2010, a conditional Investment Agreement (as amended and supplemented on 14 May 2010) was entered between the Company and an independent third party, which will involve the issue of 10,000,000,000 new shares for an aggregate consideration of HK$2,500 million and new unsecured zero coupon rate convertible bonds with an aggregate principal amount of US$ 64 million (equivalent to approximately HK$500 million). Out of the aggregate net proceeds of approximately HK$2,970 million from the issue of new shares and the new convertible bonds, approximately HK$1,769.5 million will be used for the full settlement of the aggregate amounts due by the Company to a substantial shareholder, Kesterion Investments Limited, comprising promissory note with principal value of HK$190 million, existing convertible bonds with principal value of HK$1,571.5 million and short-term shareholder loan of HK$8 million as further detailed in note 43(b) to consolidated financial statements, under a Debt Restructuring Agreement dated 14 May 2010 entered into among the Company, BSEL and Kesterion and the balance of the net proceeds of approximately HK$1,200.5 million will be used for financing the mining operations in the Philippines and general working capital of the Group. The completion of the Investment Agreement and Debt Restructuring Agreement will be subject to the fulfilment of certain pre-conditions as referred to in note 43 (b) to the consolidated financial statements. Up to the date of this report, the Investment Agreement and Debt Restructuring Agreement are not yet completed. The uncertain outcome of successful completion and implementation of the above-mentioned Investment Agreement and Debt Restructuring Agreement casts significant doubt on the Group's ability to meet its obligations as and when they fall due and to carry on its business as a going concern for the foreseeable future.

The consolidated financial statements did not include any adjustments that would have been made to reduce the value of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively, should the Group be unable to continue as a going concern.

(b) Material uncertainty relating to the exploitation rights for mining operations in the Philippines

At 31 March 2010, the Company indirectly owns 64% equity interest in Mt. Mogan Resources and Development Corporation ("Morgan") incorporated in the Philippines. During the year ended 31 March 2010, Mogan has obtained two exploration permits to explore magnetite sand and other associated mineral deposits located in specific offshore area with 41,094 hectares in the Lyete Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines ("Mining Area"), as further disclosed in note 17 to the financial statements. At 31 March 2010, the exploration and evaluation assets under these two exploration permits, as stated in the consolidated statement of financial position, amounted to HK$8,435,670,000. Pursuant to the Mining Act 1995 (Republic Act No. 7942) in the Philippines, an exploration permit grants its holder the right to conduct exploration for the specified mineral(s) in the specific area(s) within a specified timeframe; whilst a Mineral Production Sharing Agreement, when made with and granted by the Department of Environment and Natural Resources /Mines and Geosciences Bureau ("DENR/MGB") on behalf of the Government of the Philippines, shall provide the applicant the exclusive rights to conduct the mining operations to extract and exploit the pre-agreed mineral(s) in the specific area(s) for a term not exceeding 25 years starting from the date of execution and renewable for a further term not exceeding 25 years.

Mogan has been conducting the exploration programs on the Mining Area covered by the two exploration permits. On 15 June 2010, Mogan has submitted and filed the application for a Mineral Production Sharing Agreement for a portion of the Mining Area with DENR/MGB. The directors of the Company believe that a Mineral Production Sharing Agreement for the Mining Area will be awarded by DENR/MGB of the Philippines to Mogan. The consolidated financial statements do not include any adjustments that would be necessary if the Mineral Production Sharing Agreement for the Mining Area would not be awarded. We consider that adequate disclosures have been made. However, the uncertain outcome of obtaining the Mineral Production Sharing Agreement raises significant doubt on the Group's mining rights to the Mining Area in the Philippines, which in turn creates a material uncertainty as to whether or not impairment should be recognised on the exploration and evaluation assets of the Group.

In view of the extent and potential impact of the material uncertainties described above, we disclaimed our opinion in these respects.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY CONSOLIDATED FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2010 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 28 June 2010

Leung Chun Wa
Practising Certificate Number P04963

For the year ended 31 March 2010

	Note	2010 HK$'000	2009 HK$'000 (restated)
Continuing operations			
Turnover	3	**14,730**	4,287
Cost of sales		**(14,591)**	(4,322)
Gross profit		**139**	(35)
Other revenue and net income	4	**1,377**	1,092
Administrative expenses		**(20,618)**	(17,285)
Share of results of associates	21	**(35)**	(21)
Loss from operations		**(19,137)**	(16,249)
Finance costs	5 (a)	**(270,814)**	(117,872)
Loss before income tax	5	**(289,951)**	(134,121)
Income tax	6 (a)	**(24)**	(73)
Loss for the year from continuing operations		**(289,975)**	(134,194)
Discontinued operations	9		
Profit/(loss) for the year from discontinued operations		**25,811**	(28,724)
Loss for the year		**(264,164)**	(162,918)
Attributable to:			
Owners of the Company	11	**(263,794)**	(162,860)
Minority interests		**(370)**	(58)
		(264,164)	(162,918)
Earnings/(loss) per share	13		
From continuing and discontinued operations			
Basic and diluted		**HK (4.83 cents)**	HK (7.07 cents)
From continuing operations			
Basic and diluted		**HK (5.30 cents)**	HK (5.82 cents)
From discontinued operations			
Basic and diluted		**HK 0.47 cents**	HK (1.25 cents)

The notes on pages 38 to 128 form an integral part of these financial statements.

For the year ended 31 March 2010

	Note	**2010**	2009
		HK$'000	HK$'000
Loss for the year		**(264,164)**	(162,918)
Other comprehensive income/(loss)			
Exchange differences on translation of financial statements of overseas subsidiaries		**19**	73
Reclassification adjustment on release of exchange reserve upon disposal of subsidiaries	10	**(156)**	—
Total comprehensive loss for the year		**(264,301)**	(162,845)
Attributable to:			
Owners of the Company		**(263,931)**	(162,787)
Minority interests		**(370)**	(58)
		(264,301)	(162,845)

The notes on pages 38 to 128 form an integral part of these financial statements.

As at 31 March 2010

	Note	2010	2009
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment	15	1,505	2,981
Payment for intangible assets – mining claims	16	—	8,429,879
Exploration and evaluation assets	17	8,435,670	—
Other intangible assets	18	—	5,016
Goodwill	19	—	—
Interests in associates	21 (a)	227	262
Films in progress		—	385
Deposits for acquisition of film rights		—	156
		8,437,402	8,438,679
Current assets			
Inventories	22	—	2,360
Trade and other receivables	23	1,111	5,467
Amount due from a related party	38 (a)	—	84
Amount due from a related company	38 (b)	—	10
Held-for-trading investments	25	1,463	—
Pledged bank deposits	24	—	2,183
Cash and bank balances	26	4,267	21,150
		6,841	31,254
Current liabilities			
Trade and other payables	27	9,334	32,453
Amount due to a related company	38 (c)	—	2,600
Amounts due to related parties	38 (d)	—	3,063
Amounts due to associates	21 (b)	57	73
Shareholder's loan	38 (e)	8,000	—
Bank overdrafts and borrowings	28	—	4,520
Promissory note	30	184,753	—
Obligations under finance leases	31	—	424
Current taxation	32 (a)	96	296
		202,240	43,429
Net current liabilities		(195,399)	(12,175)
Total assets less current liabilities		8,242,003	8,426,504

	Note	2010	2009
		HK$'000	HK$'000
Non-current liabilities			
Bank overdrafts and borrowings	28	—	1,819
Convertible bonds	29	**469,824**	964,035
Promissory note	30	—	160,510
Obligations under finance leases	31	—	302
Deferred tax liabilities	32 (b)	—	4,177
		469,824	1,130,843
Net assets		**7,772,179**	7,295,661
Capital and reserves			
Share capital	33	**76,015**	35,465
Reserves	34 (a)	**4,663,114**	4,226,813
Equity attributable to owners of the Company		**4,739,129**	4,262,278
Minority interests		**3,033,050**	3,033,383
Total equity		**7,772,179**	7,295,661

Approved and authorised for issue by the board of directors on 28 June 2010.

On behalf of the board

Wong Chung Yu, Denny
Director

The notes on pages 38 to 128 form an integral part of these financial statements.

As at 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Investments in subsidiaries	20	**5,286,330**	5,293,035
Current assets			
Other receivables	23	**37**	—
Cash and bank balances	26	**20**	168
		57	168
Current liabilities			
Other payables	27	**5,402**	2,282
Shareholder's loan	38 (e)	**8,000**	—
		13,402	2,282
Net current liabilities		**(13,345)**	(2,114)
Total assets less current liabilities		**5,272,985**	5,290,921
Non-current liabilities			
Convertible bonds	29	**469,824**	964,035
Net assets		**4,803,161**	4,326,886
Capital and reserves			
Share capital	33	**76,015**	35,465
Reserves	34 (b)	**4,727,146**	4,291,421
Total equity		**4,803,161**	4,326,886

Approved and authorised for issue by the board of directors on 28 June 2010.

On behalf of the board

Wong Chung Yu, Denny

Director

The notes on pages 38 to 128 form an integral part of these financial statements.

	Equity attributable to owners of the Company									
	Share Capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Share option reserve HK$'000	Convertible bond equity reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2008	19,325	105,173	10,440	83	320	—	(84,609)	50,732	5,192	55,924
Acquisition of subsidiaries (note 40)	—	—	—	—	—	—	—	—	3,033,421	3,033,421
Equity component of convertible bonds (note 29)	—	—	—	—	—	4,108,828	—	4,108,828	—	4,108,828
Issue of new shares										
– placing of shares (note 33 (a) (i))	1,140	48,110	—	—	—	—	—	49,250	—	49,250
– acquisition of subsidiaries (note 33 (a) (ii))	5,000	65,000	—	—	—	—	—	70,000	—	70,000
– conversion of convertible bonds (note 33 (a) (iii))	10,000	699,108	—	—	—	(562,853)	—	146,255	—	146,255
Deregistration of a subsidiary (note 41)	—	—	—	—	—	—	—	—	(5,172)	(5,172)
Total comprehensive loss for the year	—	—	—	73	—	—	(162,860)	(162,787)	(58)	(162,845)
At 31 March 2009 and 1 April 2009	**35,465**	**917,391**	**10,440**	**156**	**320**	**3,545,975**	**(247,469)**	**4,262,278**	**3,033,383**	**7,295,661**
Issue of new shares										
– conversion of convertible bonds (note 33 (a) (iii))	40,550	2,982,602	—	—	—	(2,282,370)	—	740,782	—	740,782
Disposals of subsidiaries (note 10)	—	—	—	(156)	—	—	—	(156)	37	(119)
Total comprehensive loss for the year	—	—	—	19	—	—	(263,794)	(263,775)	(370)	(264,145)
At 31 March 2010	76,015	3,899,993	10,440	19	320	1,263,605	(511,263)	4,739,129	3,033,050	7,772,179

The notes on pages 38 to 128 form an integral part of these financial statements.

	Note	2010 HK$'000	2009 HK$'000
Operating activities			
Loss before income tax			
– Continuing operations		**(289,951)**	(134,121)
– Discontinued operations	9	**25,811**	(28,521)
		(264,140)	(162,642)
Adjustments for:			
Finance costs	5(a), 9	**271,019**	118,640
Interest income	4	**(4)**	(42)
Amortisation of:	9		
– film rights		**496**	4,551
– programme rights		**—**	258
– intellectual property rights		**—**	4,062
Depreciation	5(c), 9	**1,272**	1,292
Gain on disposal of film rights		**—**	(3,551)
Gain on disposals of subsidiaries	10	**(30,538)**	—
Loss on disposal of property, plant and equipment	9	**—**	118
Share of results of associates	21(a)	**35**	21
Write down of inventories	9	**—**	410
Impairment losses:	9		
– intellectual property rights		**—**	12,568
– trade receivables		**—**	3,466
– other receivables		**—**	2,991
– programme rights		**—**	632
– goodwill		**—**	4,259
Reversal of impairment on amount due from a former related company		**—**	(4,125)
Reversal of impairment on other trade receivables		**—**	(982)
Operating loss before changes in working capital		**(21,860)**	(18,074)
Decrease in inventories		**592**	6,399
Increase in amount due from a related party		**(545)**	(84)
Decrease in amount due from a related company		**10**	2
Increase in held-for-trading investments		**(1,463)**	—
(Increase)/decrease in trade and other receivables		**(1,012)**	2,729
Increase/(decrease) in trade and other payables		**6,814**	(2,631)
(Decrease)/increase in amount due to a related company		**(3,897)**	1,325
Increase in amounts due to related parties		**855**	2,546
(Decrease)/increase in amounts due to associates		**(16)**	73

For the year ended 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Cash used in operating activities		**(20,522)**	(7,715)
Tax refunded/(paid)		**(41)**	14
Net cash used in operating activities		**(20,563)**	(7,701)
Investing activities			
Interest received		**4**	42
Acquisition of film rights		**—**	(546)
Acquisition of subsidiaries		**—**	(51,156)
Payment for mining claims		**—**	(2,364)
Acquisition of exploration and evaluation assets		**(5,791)**	—
Acquisition of property, plant and equipment		**(459)**	(1,756)
Decrease in deposits for acquisition of film rights		**31**	67
Proceeds from disposal of film rights		**—**	3,551
Cash inflow from disposals of subsidiaries	10	**1,856**	—
Net cash used in investing activities		**(4,359)**	(52,162)
Financing activities			
Proceeds from issue of new shares, net		**—**	49,250
Repayment of promissory note		**—**	(10,000)
Decrease in minority interests		**—**	(5,172)
Increase in pledged bank deposits		**—**	(28)
Shareholder's loan raised		**10,000**	—
Repayment of shareholder's loan		**(2,000)**	—
New bank and other loans raised		**3,116**	—
Interest paid on bank borrowings		**(187)**	(718)
Repayment of bank and other borrowings		**(307)**	(4,275)
Interest element of finance leases		**(18)**	(50)
Repayment of capital element of finance leases		**(140)**	(346)
Net cash generated from financing activities		**10,464**	28,661

	Note	**2010**	2009
		HK$'000	HK$'000
Net decrease in cash and cash equivalents		**(14,458)**	(31,202)
Cash and cash equivalents at beginning of the year		**18,718**	49,842
Effect of foreign exchange rate changes		**7**	78
Cash and cash equivalents at end of the year	26	**4,267**	18,718

The notes on pages 38 to 128 form an integral part of these financial statements.

1. GENERAL INFORMATION

Pan Asia Mining Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited.

Pursuant to a special resolution of the Company's shareholders passed on 4 September 2009, the name of the Company was changed from Intelli-Media Group (Holdings) Limited to Pan Asia Mining Limited.

During the year, the principal activities of the Company and its subsidiaries (together referred to as the "Group") included exploration and exploitation of mineral resources in the Philippines and trading of metals.

In addition, during the year, the Group discontinued the businesses of sub-licensing of film rights and sales of video products (see notes 9 and 10).

Apart from the disposals as described above, there were no other significant changes in the Group's operations during the year.

The principal activities of the subsidiaries and associates are set out in notes 20 and 21 to the financial statements respectively.

The functional currency of the Company is US$ whilst the functional currencies of its major subsidiaries are US$ and HK$. These financial statements are presented in HK$. The directors of the Company consider that it is more appropriate to present these financial statements in HK$ as most of its public investors are located in Hong Kong.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Applicable of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following new and revised Standards, Amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly-controlled Entity or Associate
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Other than as noted below, the adoption of the new and revised HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Applicable of new and revised Hong Kong Financial Reporting Standards *(continued)*

HKAS 1 (Revised 2007) Presentation of Financial Statements

As a result of the adoption of HKAS 1 (Revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. The change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

HKAS 27 (Amendments) Cost of an investment in a subsidiary, jointly controlled entity or an associate

The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 April 2009, all dividends receivable from subsidiaries whether out of pre-acquisition or post- acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless the carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the indentified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. As the Group's operating segments reported to chief operating decision maker as required by HKFRS 8 are the same as the business segments reported in accordance with the HKAS 14 Segment Reporting, the adoption of HKFRS 8 has not resulted in a re-designation of the Group's reportable segments but to separate sub-licensing of film rights and sales of video products into two reportable segments (see note 14). Corresponding accounts have been provided on a basis consistent with the revised segment information.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Applicable of new and revised Hong Kong Financial Reporting Standards *(continued)*

HKFRS 7 (Amendment) - Improving disclosures about financial instruments

As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures in note 36 (f)(i) about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

The Group has not early applied any of the following new and revised Standards, Amendments and Interpretations which have been issued but are not yet effective for annual periods beginning on 1 April 2009:

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations[3]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) - Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010 as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for transfers on or after 1 July 2010
7 Effective for transfers on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2010 comprise the Company and its subsidiaries (collectively referred to as the "Group"). The financial statements have been prepared under the historical cost convention, except for the held-for-trading investments which are measured at fair value.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 37.

In preparing the financial statements, the directors of the Company have carefully considered the future liquidity in view of its consolidated net loss attributable to owners of the Company of approximately HK$263,794,000 (2009: HK$162,860,000) for the year ended 31 March 2010, net current liabilities of approximately HK$195,399,000 (2008: HK$12,175,000) as at 31 March 2010 and the capital expenditure for the future mining operations in the Philippines.

As more detailed in note 43(b) to these financial statements, on 9 April 2010, a conditional Investment Agreement (as amended and supplemented on 14 May 2010) was entered into between the Company and an independent third party, China Raybo International Corp. Ltd, ("the Investor"), pursuant to which, the Investor will subscribe for (i) 10,000,000,000 new shares of HK$0.01 each of thje Company at the subscription price of HK$0.25 each, for an aggregate consideration of HK$2,500 million and (ii) three-year unsecured zero coupon rate convertible bonds with an aggregate principal amount of US$64 million (equivalent to approximately HK$500 million). Aggregate net proceeds from the subscription of subscription shares and the convertible bonds will be approximately HK$2,970 million, out of which, approximately HK$1,769.5 million will be used for the full settlement of the aggregate amounts due from the Company to a substantial shareholder, Kesterion Investments Limited, comprising promissory note with principal amount of HK$190 million (note 30), convertible bonds with principal amount of HK$1,571.5 million (note 29) and short-term loan of HK$8 million (note 38(e)) (collectively "the Kesterion Existing Debts") under a Debt Restructuring Agreement dated 14 May 2010 entered into among the Company, BSEL and Kesterion and the balance of the net proceeds of approximately HK$1,200.5 million will be used for financing the mining operations in the Philippines and general working capital of the Group. Up to the date of this report, the Investment Agreement and Debt Restructuring Agreement have not yet been completed.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Basis of preparation of the financial statements *(continued)*

In the opinion of the directors, the above-mentioned Investment Agreement and Debt Restructuring Agreement will be successfully completed and as such, the Group will be able to meet its financial obligations as and when they fall due and to carry on its business as a going concern for the foreseeable future. Accordingly, the directors are of the opinion that it is appropriate to prepare the financial statements for the year ended 31 March 2010 on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

(d) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

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

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Subsidiaries and minority interests *(continued)*

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2 (o)(ii)).

(e) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financing and operating policy decision.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of the associate's net assets and any impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated income statement of the Group includes the Group's share of the post-acquisition, post-tax results of the associate for the year, and any impairment loss relating to the investment in associates recognised for the year.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from the Group's transactions with the associate are eliminated to the extent of the Group's relevant interests in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case losses are recognised immediately in profit or loss.

In the Company's statement of financial position, its investment in an associate is stated at cost less impairment losses (see note 2 (o)(ii)).

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identified assets, liabilities and contingent liabilities.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill arising on a business combination is allocated to cash-generating units and is tested annually for impairment (see note 2 (o)(ii)).

Any excess of the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised immediately in income statement.

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of profit or loss on disposal.

(g) Other investments in equity securities

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 2 (z)(v) and (vi).

Investments are recognised / derecognised on the date of the Group commits to purchase / sell the investments or they expire.

(h) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2 (o)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Property, plant and equipment *(continued)*

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives at the following annual rates:

Leasehold improvements	10% or over the term of the leases
Furniture and fixtures	30%
Office equipment	30%
Motor vehicles	30%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(i) Other intangible assets (other than goodwill)

(i) Film rights

Advances prepaid and paid by instalments under licensing agreements for reproduction and distribution of audio-visual products and for sub-licensing of film titles, in specific geographical areas and time periods, are recorded as payment for acquisition of film rights. Upon receipt of the master materials of films, all required payments under the licensing agreements are recorded as film rights. The balances payable under the licensing agreements are recorded as liabilities.

Film rights are stated at cost less accumulated amortisation and any accumulated impairment losses.

Film rights are amortised at rates calculated to write off the costs in proportion of the expected revenues. Such rates are subject to annual review by the directors.

(ii) Trademark

Trademark represents license fee paid for the use of trademark and is stated at cost less accumulated amortisation and any identified impairment losses. The cost of trademark is amortised on a straight-line basis over the estimated useful life.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Other intangible assets (other than goodwill) *(continued)*

(iii) Programme and intellectual property rights

The cost of programme and intellectual property rights are stated at cost less accumulated amortisation and any identified impairment losses. Programme and intellectual property rights are amortised on a straight-line basis over the estimated useful life.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the asset's estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

—	Film rights	2-5 years
—	Trademark	5 years
—	Programme and intellectual property rights	5 years

Both the period and method of amortisation are reviewed annually.

(j) Films in progress

Films in progress are stated at cost less any identified impairment losses. Costs include all direct costs associated with the production of films. Costs of films are transferred to film rights upon completion. Provisions are made for costs which are in excess of the expected future revenue generated by these films. The balance of film production cost not yet due are disclosed as commitments.

(k) Payment for tangible assets – mining claims

Payments for mining claims are recognised at cost at initial recognition. Subsequent to initial recognition, mining claims are stated at cost less any accumulated impairment losses. Mining claims represent all the rights of the Group to explore, develop and ultilise in and to magnetite other minerals located in the specified mining area pursuant to the issuance of an exploration permit and mining agreement by the relevant authorities of the Philippines. When the exploration permit is issued, payments for mining claims are reclassified as exploration and evaluation assets (see note 2 (m)).

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2 (h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2 (o)(ii). Finance charges implicit in the lease payments are to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting period covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as in integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land under an operating lease is amortised on a straight-line basis over the period of the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Exploration and evaluation assets

Exploration and evaluation assets are stated at cost less impairment losses (see note 2(n)).

Exploration costs include expenditures incurred in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and expenditures incurred to secure further mineralisation in existing ore bodies and to expand the capacity of a mine.

When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and development costs capitalised are transferred to mining development assets and amortised using the units of production method based on the proven and probable reserves of the ore mines. If any project is abandoned during the exploration and evaluation stage, the related exploration and evaluation assets are written off to profit or loss.

(n) Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 Impairment of Assets whenever one of the following events or changes in circumstances indicates that the carrying amount may not be recoverable:

— the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

— substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

— exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or

— sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development of by sale.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Impairment of assets

(i) Impairment of trade and other receivables

Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

If in a subsequent period, the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Impairment of assets *(continued)*

(i) Impairment of trade and other receivables (continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against to allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— goodwill;

— other intangible assets; and

— investments in subsidiaries and associates.

If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the higher of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest Group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Impairment of assets *(continued)*

(ii) Impairment of other assets (continued)

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would at the end of the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Inventories

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

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

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 the sale.

When the inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is realisable. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(q) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter measured at amortised cost using the effective interest method, less provision for impairment losses for bad and doubtful debts (see note 2(o)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(r) Interest-bearing borrowings and promissory note

Interest-bearing borrowings and promissory note are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings and promissory note are stated at amortised cost, with any difference between the amount initially recognised (net of transaction costs) and the redemption value being recognised in the profit or loss over the period of the borrowings, using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Convertible bonds

(i) Convertible bonds that contains an equity component

Convertible bonds that can be converted to equity share capital at the option of the holders, where the number of shares that would be issued on conversion and the value of the consideration that would be received do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition, the liability component of the convertible bonds is determined using a market interest rate for an equivalent non-convertible bond. The remainder of the proceeds is allocated to the conversion option as equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion or maturity. The equity component is recognised in equity, net of any tax effects.

When the bond is converted, the relevant equity component and the carrying amount of the liability component at the time of conversion are transferred to share capital and share premium for the shares issued. When the note is redeemed, the relevant equity component is transferred to retained profits.

(ii) Convertible notes that do not contain an equity component

All other convertible notes which do not exhibit the characteristics mentioned in (i) above are accounted for as hybrid instruments consisting of an embedded derivative and a host debt contract.

At initial recognition, the embedded derivative of the convertible notes is accounted for as derivative financial instruments and is measured at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as liability under the contract. Transaction costs that relate to the issue of the convertible note are allocated to the liability under the contract.

The derivative component is subsequently carried at fair value and changes in fair value are recognised in the income statement. The liability under the contract is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion or maturity.

When the note is converted, the carrying amount of the liability under the contract together with the fair value of the relevant derivative component at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the note is redeemed, any difference between the redemption amount and the carrying amounts of both components is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(u) Trade and other payables

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

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date after taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged /credited to the profit or loss for the year of the review. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where the forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the profit or loss except to the extent that they relate to items recognised directly in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Income tax *(continued)*

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

— the same taxable entity; or

— different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(y) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that requires the issuer (i.e. the "guarantor") to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2 (y)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated depreciation.

(ii) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a 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 expenditure 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 of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events is also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(z) Recognition of revenue

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably. Revenue is recognised in the profit or loss as follows:

(i) Sale of goods

Revenue from sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(ii) Sub-licensing of film rights

Licence income from film rights licensed to licensees is recognised over the license period and when the films are available for showing or telecast.

(iii) Film exhibition and film distribution income

Film exhibition and film distribution income is recognised when the right to receive payment is established.

(iv) Marketing service income and management fee income

Marketing service income and management fee income are recognised when the related services are rendered.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Dividend income

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(aa) Foreign currency translation

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of operations outside Hong Kong are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Items in the statement of financial position are translated into Hong Kong dollars at the foreign exchange rates ruling at the date of statement of financial position. The resulting exchange differences are recognised directly in a separate component of equity.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to the profit or loss on disposal.

(ab) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly, or indirectly through one or more intermediaries, to control the Group or excise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of the key management personnel of the Group or its parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ab) Related parties *(continued)*

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group, or of any entity that is a related party of the Group.

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

(ac) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

— the post-tax profit or loss of the discontinued operation; and

— the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

(ad) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. TURNOVER

The Group is principally engaged in the exploration and exploitation of mineral resources and trading of metals.

Turnover represents the sales value of goods sold to customers and is stated after deducting goods returns and trade discounts. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	Continuing operations	
	2010	2009
	HK$'000	HK$'000
Sales of metals	**14,730**	4,287

4. OTHER REVENUE AND NET INCOME

	Continuing operations	
	2010	2009
	HK$'000	HK$'000
Other revenue		
Interest income on financial assets not at fair value through profit or loss	**2**	9
Other net income		
Gain on trading of securities and futures	**1,375**	596
Sundry income	**—**	487
	1,375	1,083
	1,377	1,092

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Continuing operations	
	2010	2009
	HK$'000	HK$'000
(a) Finance costs		
Imputed interest on promissory note	**24,243**	8,754
Imputed interest on convertible bonds	**246,571**	109,118
Total interest expense on financial liabilities not at fair value through profit or loss	**270,814**	117,872

	2010	2009
	HK$'000	HK$'000
(b) Staff costs		
Contributions to defined contribution retirement plans	**89**	67
Salaries, wages and other benefits	**8,643**	7,304
	8,732	7,371

	2010	2009
	HK$'000	HK$'000
(c) Other items		
Depreciation	**1,037**	720
Auditor's remuneration		
- audit services	**500**	500
- non-audit services	**86**	340
Cost of inventories sold	**14,591**	4,322
Operating lease charges in respect of properties	**1,610**	1,456

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	Continuing operations	
	2010	2009
	HK$'000	HK$'000
Hong Kong Profits Tax – provision for the year	**24**	73

Hong Kong Profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year (2009: 16.5%).

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

The corporate income tax rate in the Philippines changed from 35% to 30% with effect on 1 January 2009. No provision for Philippines corporate income tax has been made as the subsidiaries in the Philippines did not have any assessable profits subject to corporate income tax in the Philippines.

Pursuant to the Corporate Income Tax Law of the PRC being effective on 1 January 2008, the PRC income tax rate is unified to 25% for all enterprises.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Continuing operations	
	2010	2009
	HK$'000	HK$'000
Loss before income tax from continuing operations	**(289,951)**	(134,121)
Notional tax on loss before taxation, calculated at rates applicable to losses in the countries concerned	**(47,886)**	(22,130)
Tax effect of non-taxable income	**(24)**	(51)
Tax effect of non-deductible expenses	**45,945**	19,518
Tax effect of temporary differences recognised	**102**	(71)
Tax effect of tax losses utilised	**(4)**	—
Tax effect of unused tax losses not recognised	**1,891**	2,807
Actual tax expense	**24**	73

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees HK$'000	Salaries and allowances HK$'000	Retirement scheme contributions HK$'000	2010 Total HK$'000
Executive directors				
Wong Chung Yu, Denny	—	1,200	12	1,212
Kwong Wai Ho, Richard (resigned on 26 January 2010)	—	1,604	12	1,616
Liu Junqing (appointed on 9 December 2009)	—	168	—	168
Non-executive directors				
Yin Mark Teh-min	120	—	—	120
Independent non-executive directors				
Lai Kai Jin, Michael	120	—	—	120
Chan Siu Wing, Raymond	120	—	—	120
Chu Hung Lin, Victor (appointed on 1 June 2009)	100	—	—	100
	460	2,972	24	3,456

7. DIRECTORS' REMUNERATION *(continued)*

	Directors' fees HK$'000	Salaries and allowances HK$'000	Retirement scheme contributions HK$'000	2009 Total HK$'000
Executive directors				
Wong Chung Yu, Denny				
(appointed on 20 May 2008)	—	974	11	985
Kwong Wai Ho, Richard	—	1,405	14	1,419
Chin Wai Keung, Richard				
(resigned on 2 January 2009)	—	743	8	751
So Wing Lok, Jonathan				
(resigned on 13 October 2008)	390	—	—	390
Wong Hoi Yan, Audrey				
(resigned on 18 July 2008)	—	167	3	170
Non-executive directors				
Yin Mark Teh-min				
(appointed on 20 May 2008)	104	—	—	104
Independent non-executive directors				
Lai Kai Jin, Michael	120	—	—	120
Chan Siu Wing, Raymand				
(appointed on 1 September 2008)	70	—	—	70
Chu Hung Lin, Victor				
(appointed on 1 June 2009)	—	—	—	—
Shum Man Ching				
(resigned on 1 October 2008)	50	—	—	50
Chow Shiu Ki				
(resigned on 20 August 2008)	46	—	—	46
Ng Yat Cheung, JP				
(appointed on 13 May 2008 and resigned on 1 March 2009)	96	—	—	96
	876	3,289	36	4,201

7. DIRECTORS' REMUNERATION *(continued)*

No emoluments were paid by the Group to the directors or any of the individuals (note 8) of the Company 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 emoluments during the years ended 31 March 2010 and 2009.

8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Out of the five individuals with the highest emoluments, two (2009: three) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other three (2009: two) individuals are as follows:

	2010	2009
	HK$'000	HK$'000
Salaries and other emoluments	**2,906**	1,840
Retirement scheme contributions	**36**	23
	2,942	1,863

The emoluments of the three (2009: two) individuals with the highest emoluments are within the following bands:

	2010	2009
	Number of individuals	Number of individuals
Nil - HK$1,000,000	**2**	1
HK$1,000,000 - HK$1,500,000	**1**	1

9. DISCONTINUED OPERATIONS

The sub-licensing of film rights was carried out by Datewell Limited and its subsidiaries (together the "Datewell Group") whilst the business of sale of video products was carried out by Panorama Entertainment Group Limited and its subsidiaries (together the "Panorama Group"). As both Datewell Group and Panorama Group had been suffering persistent losses, on 23 June 2009 and 21 July 2009, the Group entered into two separate sale and purchase agreements with two separate independent third parties to dispose of the entire interests in Datewell Group and the Panorama Group. The disposals of the Datewell Group and the Panorama Group were completed on 29 June 2009 and 15 September 2009, respectively. The sub-licensing of film rights and sales of video products were collectively referred to as "Discontinued Operations". The comparative figures for the income statement for the year ended 31 March 2009 for these two businesses were presented separately as discontinued operations in accordance with HKFRS 5.

(a) An analysis of the results and cash flows of discontinued operations included in the consolidated income statement was as follows:

	Datewell Group HK$'000	**Panorama Group HK$'000**	**2010 HK$'000**	Datewell Group HK$'000	Panorama Group HK$'000	2009 HK$'000
Turnover (note(c) below)	**3,370**	**1,453**	**4,823**	3,418	9,637	13,055
Costs of sales	**(2,793)**	**(1,223)**	**(4,016)**	(2,384)	(8,887)	(11,271)
Gross profit	**577**	**230**	**807**	1,034	750	1,784
Other revenue (note(c) below)	**2**	**—**	**2**	492	28	520
Other income	**55**	**—**	**55**	222	8,699	8,921
Distribution costs	**(1,550)**	**—**	**(1,550)**	(1,469)	—	(1,469)
Administrative expenses	**(3,068)**	**(768)**	**(3,836)**	(8,763)	(4,830)	(13,593)
Impairment losses (note(d) below)	**—**	**—**	**—**	(19,821)	(4,095)	(23,916)
Loss from operations	**(3,984)**	**(538)**	**(4,522)**	(28,305)	552	(27,753)
Finance costs (note(d) below)	**—**	**(205)**	**(205)**	—	(768)	(768)
Loss before income tax	**(3,984)**	**(743)**	**(4,727)**	(28,305)	(216)	(28,521)
Income tax	**—**	**—**	**—**	(203)	—	(203)
Loss for the year	**(3,984)_**	**(743)**	**(4,727)**	(28,508)	(216)	(28,724)
Gain on disposals of subsidiaries (note 10)	**5,334**	**25,204**	**30,538**	—	—	—
Profit/(loss) for the year from discontinued operations	**1,350**	**24,461**	**25,811**	(28,508)	(216)	(28,724)

9. DISCONTINUED OPERATIONS *(continued)*

(b) Analysis of the net cash flows of discontinued operations included in the consolidated statement of cash flows was as follows:

	Datewell Group HK$'000	Panorama Group HK$'000	2010 HK$'000	Datewell Group HK$'000	Panorama Group HK$'000	2009 HK$'000
Operating cash flows	(5,702)	735	(4,967)	2,593	8,048	10,641
Investing cash flows	—	33	33	(321)	2,992	2,671
Financing cash flows	2,997	(534)	2,463	(17)	(11,748)	(11,765)
Total cash flows	(2,705)	234	(2,471)	2,255	(708)	1,547

(c) Revenue and turnover

	Datewell Group HK$'000	Panorama Group HK$'000	2010 HK$'000	Datewell Group HK$'000	Panorama Group HK$'000	2009 HK$'000
Turnover:						
Sales of video products	—	1,453	1,453	—	9,637	9,637
Sub-licensing of film rights	3,370	—	3,370	3,418	—	3,418
	3,370	1,453	4,823	3,418	9,637	13,055
Other revenue:						
Interest income	2	—	2	5	28	33
Royalty income	—	—	—	487	—	487
	2	—	2	492	28	520
Total revenue	3,372	1,453	4,825	3,910	9,665	13,575

9. DISCONTINUED OPERATIONS *(continued)*

(d) The profit/(loss) before income tax of the discontinued operations is stated after charging:

	Datewell Group HK$'000	Panorama Group HK$'000	2010 HK$'000	Datewell Group HK$'000	Panorama Group HK$'000	2009 HK$'000
Finance costs:						
Interest in bank and other borrowings wholly repayable within five years	—	187	187	—	718	718
Finance charges on obligations under finance leases	—	18	18	—	50	50
Total interest expenses on financial liabilities not at fair value through profit or loss	—	205	205	—	768	768
Staff costs:						
Contributions to defined contribution retirement plans	9	—	9	154	48	202
Salaries, wages and other benefits	748	211	959	3,062	1,105	4,167
	757	211	968	3,216	1,153	4,369
Impairment losses on:						
Goodwill	—	—	—	4,259	—	4,259
Intellectual property rights	—	—	—	12,568	—	12,568
Programme rights	—	—	—	632	—	632
Trade receivables	—	—	—	122	3,344	3,466
Other receivables	—	—	—	2,240	751	2,991
	—	—	—	19,821	4,095	23,916

9. DISCONTINUED OPERATIONS *(continued)*

(d) The profit/(loss) before income tax of the discontinued operations is stated after charging: *(continued)*

	Datewell Group HK$'000	**Panorama Group HK$'000**	**2010 HK$'000**	Datewell Group HK$'000	Panorama Group HK$'000	2009 HK$'000
Other items:						
Amortisation						
– Film rights	**—**	**496**	**496**	—	4,551	4,551
– Intellectual property rights	**—**	**—**	**—**	4,062	—	4,062
– Programme rights	**—**	**—**	**—**	258	—	258
Depreciation						
– Owned assets	**166**	**—**	**166**	282	—	282
– Assets held under finance leases	**—**	**69**	**69**	14	276	290
Cost of inventories sold	**2,793**	**1,223**	**4,016**	1,974	8,887	10,861
Operating lease charges in respect of properties	**—**	**—**	**—**	360	608	968
Loss on disposal of property, plant and equipment	**—**	**—**	**—**	118	—	118
Write-down of inventories	**—**	**—**	**—**	410	—	410

10. DISPOSALS OF SUBSIDIARIES

(a) On 23 June 2009, the Group entered into a sale and purchase agreement with an independent third party pursuant to which the entire equity interests of Datewell Group was sold for a consideration of HK$100. The disposal of Datewell Group was completed on 29 June 2009.

(b) On 21 July 2009, the Group entered into a sale and purchase agreement with another independent third party pursuant to which the entire equity interest of Panorama was sold for a consideration of HK$100. The disposal of Panorama Group was completed on 15 September 2009.

10. DISPOSALS OF SUBSIDIARIES - 2010 *(continued)*

(c) Particulars of the two disposal transactions are as follows:

	Datewell Group HK$'000	Panorama Group HK$'000	Total HK$'000
Net liabilities disposed of:			
Property, plant and equipment	317	358	675
Other intangible assets	—	4,520	4,520
Deposit for acquisition of film rights	—	125	125
Films in progress	—	385	385
Inventories	7	1,761	1,768
Trade and other receivables, net	2,729	2,639	5,368
Amount due from ex-owners of Datewell	1,297	—	1,297
Amount due from a related party	—	629	629
Pledged bank deposits	—	2,183	2,183
Cash and bank balances	215	70	285
Trade and other payables	(5,163)	(24,770)	(29,933)
Amounts due to related companies	(1,312)	(2,606)	(3,918)
Other borrowings	(3,000)	—	(3,000)
Bank overdrafts and borrowings	—	(5,857)	(5,857)
Obligations under finance leases	(11)	(575)	(586)
Deferred tax liabilities	—	(4,177)	(4,177)
Taxation payable	(183)	—	(183)
Minority interest	—	37	37
Net liabilities disposed of	(5,104)	(25,278)	(30,382)
Release of exchange reserve upon disposal	(230)	74	(156)
Gain on disposals of subsidiaries (note 9)	(5,334)	(25,204)	(30,538)
Total consideration	—	—	—

10. DISPOSALS OF SUBSIDIARIES - 2010 *(continued)*

(c) Particulars of the two disposal transactions are as follows: *(continued)*

	Datewell Group HK$'000	Panorama Group HK$'000	Total HK$'000
Cash and bank balances disposed of	(215)	(70)	(285)
Bank overdrafts disposal of	—	2,141	2,141
Net cash (outflow)/inflow arising from disposals of subsidiaries	(215)	2,071	1,856

The results and cash flows of Datewell Group and Panorama Group for the current year and last year were presented in note 9.

11. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company includes a loss of HK$264,507,000 (2009: loss of HK$137,897,000) which has been dealt with in the financial statements of the Company.

12. DIVIDENDS

No payment of dividends has been proposed by the board of directors of the Company for the year ended 31 March 2010 (2009: Nil).

13. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The profit/(loss) and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2010	2009
	HK$'000	HK$'000
From continuing and discontinued operations		
Loss for the year attributable to owners of the Company used in the basic loss per share calculation	**(264,164)**	(162,918)
From continuing operations		
Loss for the year attributable to owners of the Company used in the basic loss per share calculation	**(289,975)**	(134,194)
From discontinued operations		
Profit/(loss) for the year attributable to owners of the Company used in the basic earnings/(loss) per share calculation	**25,811**	(28,724)
Weighted average number of ordinary shares for the purpose of basic loss per share during the year:		
Issued ordinary shares at 1 April	**3,546,534**	1,932,534
Effect of shares issued under a placement (note 33 (a)(i))	**—**	109,003
Effect of consideration shares issued (note 33 (a)(ii))	**—**	141,096
Effect of shares issued upon conversion of convertible bonds (note 33 (a)(iii))	**1,927,986**	121,918
Weighted average number of ordinary shares for the year	**5,474,520**	2,304,551

13. EARNINGS/(LOSS) PER SHARE *(continued)*

(b) Diluted earings/(loss) per share

The diluted loss per share for (i) continuing and discontinued operations, (ii) continuing operations and (iii) discontinued operations for the years ended 31 March 2010 and 2009 were same as their respective basic earnings/(loss) per share as the exercise price of the outstanding share options and convertible bonds were higher than the average market price per share for both years.

14. SEGMENT REPORTING

The Group manages its business by divisions, which are mainly organised by business lines. On first-time adoption of HKFRS 8 "Operating Segments" and in a manner consistent with the way in which information is reported internally to the board of directors (as chief operating decision maker) for the purpose of resource allocation and performance assessment, the Group has identified the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

Continuing operations:

— Mineral exploration and exploitation (commercial operations has not yet been commenced during the year); and

— Trading of metals.

Discontinued operations (note 9):

— Sub-licensing of film rights; and

— Sales video products

There was no inter-segment sale and transfer for both years (2009: Nil).

14. SEGMENT REPORTING *(continued)*

Operating segments

	Continuing operations						Discontinued operations						Total	
	Mineral exploration and exploitation		Trading of metals		Sub-Total		Sub-licensing of film rights		Sales of video products		Sub-Total			
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**–**	–	**14,730**	4,287	**14,730**	4,287	**3,370**	3,418	**1,453**	9,637	**4,823**	13,055	**19,553**	17,342
Reportable segment revenue	**–**	–	**14,730**	4,287	**14,730**	4,287	**3,370**	3,418	**1,453**	9,637	**4,823**	13,055	**19,553**	17,342
Reportable segment profit /(loss)	**(286,730)**	(132,554)	**128**	(46)	**(286,602)**	(132,600)	**1,350**	(28,305)	**24,461**	(216)	**25,811**	(28,521)	**(260,791)**	(161,121)
Other information:														
Depreciation and amortisation	**(1,037)**	(720)	**–**	–	**(1,037)**	(720)	**(166)**	(4,616)	**(565)**	(4,827)	**(731)**	(9,443)	**(1,768)**	(10,163)
Write down of inventories	**–**	–	**–**	–	**–**	–	**–**	(410)	**–**	–	**–**	(410)	**–**	(410)
Impairment loss	**–**	–	**–**	–	**–**	–	**–**	(19,821)	**–**	(4,095)	**–**	(23,916)	**–**	(23,916)
Loss on disposal of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	(118)	**–**	–	**–**	(118)	**–**	(118)
Gain on disposals of subsidiaries	**–**	–	**–**	–	**–**	–	**5,334**	–	**25,204**	–	**30,538**	–	**30,538**	–
Share of results of associates	**(35)**	(21)	**–**	–	**(35)**	(21)	**–**	–	–	–	–	–	**(35)**	(21)
Finance costs	**(270,814)**	(117,872)	**–**	–	**(270,814)**	(117,872)	**–**	–	**(205)**	(768)	**(205)**	(768)	**(271,019)**	(118,640)
Reportable segment assets	**8,442,636**	8,451,258	**–**	–	**8,442,636**	8,451,258	**–**	4,698	**–**	12,748	**–**	17,446	**8,442,636**	8,468,704
Addition to non-current segment assets	**6,250**	1,323	**–**	–	**6,250**	1,323	**–**	316	**–**	510	**–**	826	**6,250**	2,149
Reportable segment liabilities	**658,638**	1,128,366	**–**	–	**658,638**	1,128,366	**–**	5,819	**–**	37,300	**–**	43,119	**658,638**	1,171,485

14. SEGMENT REPORTING *(continued)*

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2010 HK$'000	2009 HK$'000
Revenue		
Total reportable segment revenue	**19,553**	17,342
Segment revenue from discontinued operations	**(4,823)**	(13,055)
Consolidated turnover – continuing operations	**14,730**	4,287
Loss		
Segment loss from continuing operations	**(286,602)**	(132,600)
Segment profit/(loss) from discontinued operations	**25,811**	(28,521)
Reportable segment loss	**(260,791)**	(161,121)
Income tax	**(24)**	(276)
Unallocated other revenue and other net income	**1,374**	563
Unallocated head office and corporate expenses	**(4,723)**	(2,084)
Consolidated loss for the year	**(264,164)**	(162,918)
Assets		
Reportable segments' assets – continuing operations	**8,442,636**	8,451,258
Assets relating to discontinued operations	**—**	17,446
Unallocated corporate assets	**1,607**	1,229
Consolidated total assets	**8,444,243**	8,469,933
Liabilities		
Reportable segments' liabilities – continuing operations	**658,638**	1,128,366
Liabilities relating to discontinued operations	**—**	43,119
Unallocated corporate liabilities	**13,426**	2,787
Consolidated total liabilities	**672,064**	1,174,272

14. SEGMENT REPORTING *(continued)*

Geographical information

	Continuing operations			
	Hong Kong	PRC	Philippines	Total
	HK$'000	HK$'000	HK$'000	HK$'000
2010				
Revenue	**14,730**	**—**	**—**	**14,730**
Non-current assets	**1,373**	**51**	**8,435,978**	**8,437,402**
2009				
Revenue	4,287	—	—	4,287
Non-current assets	1,851	—	8,430,361	8,432,212

	Discontinued operations			
	Hong Kong	PRC	Philippines	Total
	HK$'000	HK$'000	HK$'000	HK$'000
2010				
Revenue	**4,823**	**—**	**—**	**4,823**
Non-current assets	**—**	**—**	**—**	**—**
2009				
Revenue	8,595	4,460	—	13,055
Non-current assets	6,226	241	—	6,467

Information about major customers

There was no single customer with whom transactions exceeded 10% of the Group's aggregated revenue for both years.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Continuing operations				
	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2008	—	990	662	3,778	5,430
Acquisition of subsidiaries (note 40)	—	—	262	—	262
Additions	142	354	163	1,490	2,149
Disposals	—	(249)	—	(550)	(799)
Exchange adjustment	—	(5)	(1)	—	(6)
At 31 March 2009 and 1 April 2009	142	1,090	1,086	4,718	7,036
Additions	—	407	52	—	459
Disposals of subsidiaries (note 10)	(142)	(404)	(658)	(2,968)	(4,172)
Exchange adjustment	—	28	2	—	30
At 31 March 2010	—	1,121	482	1,750	3,353
Accumulated depreciation and impairment loss					
At 1 April 2008	—	377	233	2,835	3,445
Charge for the year	70	296	199	727	1,292
Written back on disposal	—	(131)	—	(550)	(681)
Exchange adjustment	—	(1)	—	—	(1)
At 31 March 2009 and 1 April 2009	70	541	432	3,012	4,055
Charge for the year	40	425	213	594	1,272
Written back on disposals of subsidiaries (note 10)	(110)	(320)	(457)	(2,610)	(3,497)
Exchange adjustment	—	17	1	—	18
At 31 March 2010	—	663	189	996	1,848
Carrying amount					
At 31 March 2010	**—**	**458**	**293**	**754**	**1,505**
At 31 March 2009	72	549	654	1,706	2,981

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

At 31 March 2009, included in the Group's property, plant and equipment were costs of approximately HK$2,829,000 held under finance leases and the related accumulated depreciation was HK$2,385,000. The balances were de-consolidated as a result of disposals of subsidiaries during the year.

16. PAYMENT FOR INTANGIBLE ASSETS-MINING CLAIMS

	The Group	
	2010	2009
	HK$'000	HK$'000
At 1 April	**8,429,879**	—
Addition through acquisition of subsidiaries (note 40)	**—**	8,427,515
Additions	**—**	2,364
Transfer to exploration and evaluation assets (note 17)	**(8,429,879)**	—
At 31 March	**—**	8,429,879

During the current year ended 31 March 2010, the balance of HK$8,429,879,000 was transferred to exploration and evaluation assets (note 17) when the two exploration permit licences were granted to Mogan by DENR/MGB of the Philippines.

On 2 May 2008, the Group entered into an acquisition agreement with Kesterion Investments Limited, which is wholly owned by Ms Eva Wong. Ms Eva Wong is the sister of Wong Chung Yu, Denny and sister-in-law of Yin Mark Teh-min, an executive director and non-executive director of the Company respectively. Pursuant to the agreement, Kesterion Investments Limited agreed to sell and the Group agreed to purchase the entire equity interest in First Pine Enterprises Limited which, at acquisition date on 18 December 2008, holds an indirect 64% equity interest in Mt. Mogan Resources and Development Corporation ("Mogan"), a company incorporated in the Philippines. Mogan holds certain offshore exploration permit applications for mining claims which represent the rights to explore, develop, operate and exploit magnetite sand and other minerals located in certain specified offshore area of approximately 41,094 hectares in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Phillippines ("Mining Area") subject to the issuance in favour of Mogan of an exploration permit licence and a mineral production sharing agreement in accordance with the Philippine Mining Act 1995 (Republic Act No. 7942), for a consideration of HK$5,700,000,000 satisfied by issuing to Kesterion Investments Limited (i) 500,000,000 consideration shares of the Company; (ii) HK$200,000,000 promissory note with zero coupon rate with a maturity of 1.5 years; (iii) HK$5,110,000,000 convertible bonds with zero coupon rate with a maturity of 10 years of the issue date and (iv) cash paid of HK$40,000,000. The acquisition was completed on 18 December 2008. Details of convertible bonds, promissory note and consideration shares issued are set out in notes 29, 30 and 33(a)(ii), respectively.

16. PAYMENT FOR INTANGIBLE ASSETS-MINING CLAIMS *(continued)*

Pursuant to the Philippines Mining Act 1995 (Republic Act No.7942), an exploration permit licence, when approved by the Mines and Geosciences Bureau (the "MGB") of the Department of Environment and Natural Resources (the "DENR") of the Philippines, grants the exploration mining applicant the right to conduct exploration for the specified mineral(s) in the specified area(s) within a specified timeframe; whilst a mineral production sharing agreement, when made with and granted by the DENR/MBG acting on behalf of the Government of Philippines, shall provide the applicant with the exclusive rights to conduct mining operations to extract and exploit the pre-agreed upon mineral resource(s) in the specified area(s) for a term of 25 years starting from the execution date and renewable for another term not exceeding 25 years. The technical reserve assessment report prepared by Behre Dolbear Asia, Inc. an international technical expert dated 1 September 2008, indicated that total exploration potential of the two mining claims for the Mining Area will be in the range of 3,300 million to 7,000 million tones of magnetite sand at greater than 5% magnetic fraction. Independent professional valuation on the business value of Mogan was conducted by B.I. Appraisals Limited, a firm of independent professional valuers, on 21 November 2008 in relation to the offshore magnetite mining tenements at approximately US$4,685 million (or US$2,998 million as to 64% of US$4,685 million) covered by the Mining Area of the two exploration permit applications using the discounted cash flow approach, at the discount rate of 19.3%. for the valuation on the basis that the relevant exploration permits and mineral production sharing agreement were granted in favour of Mogan by the relevant authorities of the Philippines. Both Behre Dolbear Asia, Inc and B. I. Appraisals Limited are independent of the Group and its management.

Management considered that the carrying amount of the "Payment for intangible assets - mining claims" can be fully recoverable and no impairment on its carrying amount was necessary at 31 March 2009.

Impairment test - 2009

The Company had engaged an independent professional valuer, Asset Appraisal Limited, to determine the value in use of the mining claims as a cash-generation unit ('"CGU") on the basis that the exploration permit(s) and mineral production sharing agreement would be granted by the relevant authorities of the Philippines.

The recoverable amount of the "Payment for intangible assets - mining claims" was determined based on the estimate of the value in use of the Mining Claims on the basis that the exploration permits and mineral production sharing agreement were granted to Mogan. The discounted cash flow approach was adopted by the valuer. The estimated future cash flows of next 20 years were discounted at 16% to calculate the present value of net future cash flows of the mining operations in the Philippines. Key assumptions adopted for the valuation were the estimates on magnetic sand quantities with reference to a technical reserve report prepared by Behre Dolbear Asia, Inc. dated 1 September 2008, prices and operating costs after considering the magnetic content that can be extracted and the expected capital outlay. Based on these evaluations, management was of the view that the recoverable amount of the "Payment for intangible assets - mining claims" exceeded its carrying amount.

17. EXPLORATION AND EVALUATION ASSETS

	Exploration rights HK$'000	Evaluation expenditure HK$'000	Total HK$'000
At 1 April 2009	—	—	—
Transfer from payment for intangible assets - mining claims (note 16)	8,429,879	—	8,429,879
Additions	—	5,791	5,791
At 31 March 2010	8,429,879	5,791	8,435,670

On 23 December 2009, two exploration permits, in respect of the 41,094 hectares in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines ("Mining Area"), have been granted to Mogan for an initial period of 2 years for conducting the exploration activities in the specified mining area and the Mogan may apply for an extension of the exploration permits for two successive periods of 2 years each in accordance with the Philippine Mining Act 1995 (Republic Act No.7942). Mogan has been conducting exploration programs independently.

On 15 June 2010, MGB of DENR of the Philippines has acknowledged Mogan's submission for application for a mineral production sharing agreement for a portion of the Mining Area with DENR/MGB in accordance with the Philippine Mining Act 1995 (Republic Act No 7942). When the mineral production sharing agreement (i.e. mining permit) is granted by the DENR/MGB of the Philippines, Mogan will be entitled to conduct mining operations in the specified mining area in the Philippines for a term not exceeding 25 years from the execution date and renewable for another term of not exceeding 25 years. At the approval date of these financial statements, the mineral production sharing agreement has not yet been awarded to Mogan.

Ths directors of the Company believe that Mogan will ultimately be able to obtain the mineral production sharing agreement in respect of the Mining Area from DENR/MGB of the Philippines.

Impairment test - 2010

The Company has engaged an independent professional valuer, Asset Appraisal Limited, to determine the value in use of the exploration and evaluation assets as a cash-generating unit on the basis that the mineral production sharing agreement would be granted by the relevant authorities in the Philippines.

The recoverable amount of exploration and evaluation assets was determined based on the estimate of the value in use of the mining operations in the Philippines, on the basis that the mineral production sharing agreement was granted to Mogan, using the discounted cash flows approach. The estimated cash flows of the next 23 years were discounted at the rate of 22.12% to calculate the present value of the future cash flows of Mogan's mining operations in the Philippines. Key assumptions, apart from the award of the mineral production sharing agreement by DENR/MGB of the Philippines, adopted for the value in use calculations are estimates on magnetic sand quantities with reference to a technical reserve report prepared by Behre Dolbear Asia, Inc. dated 1 September 2008, prices and operating costs after considering the magnetic content that can be extracted and the outlay for capital expenditure. Based on these evaluations, the estimated recoverable amount of exploration and evaluation assets exceeds its carrying amount at 31 March 2010. The directors of the Company are of the opinion that there is no impairment on the exploration and evaluation assets.

18. OTHER INTANGIBLE ASSETS

	Film rights	Trademark	Programme rights	Intellectual property rights	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost					
At 1 April 2008	213,947	75	1,288	20,315	235,625
Additions	546	—	—	—	546
Disposals	(6,308)	—	—	—	(6,308)
At 31 March 2009 and 1 April 2009	208,185	75	1,288	20,315	229,863
Disposals of subsidiaries (note 10)	(208,185)	(75)	(1,288)	(20,315)	(229,863)
At 31 March 2010	—	—	—	—	—
Accumulated depreciation and impairment loss					
At 1 April 2008	204,926	75	398	3,685	209,084
Charge for the year	4,551	—	258	4,062	8,871
Written back on disposals	(6,308)	—	—	—	(6,308)
Impairment recognised	—	—	632	12,568	13,200
At 31 March 2009 and 1 April 2009	203,169	75	1,288	20,315	224,847
Charge for the year	496	—	—	—	496
Disposals of subsidiaries (note 10)	(203,665)	(75)	(1,288)	(20,315)	(225,343)
At 31 March 2010	—	—	—	—	—
Carrying amount					
At 31 March 2010	—	—	—	—	—
At 31 March 2009	5,016	—	—	—	5,016

18. OTHER INTANGIBLE ASSETS *(continued)*

(a) Intangible assets were for the segment of sub-licensing of film rights and sales of video products which were disposed of during the year ended 31 March 2010 (note 10).

(b) Intangible assets were amortised on a straight line basis over their estimated useful lives at follows:

Film rights	2 – 5 years
Trademark	5 years
Intellectual property rights	5 years
Programme rights	5 years

(c) Impairment of programme rights and intellectual property rights – 2009

Subsequent to 31 March 2009, the intellectual property and programme rights were terminated upon mutual agreement with the licensors. Accordingly, full impairment of the programme rights and intellectual property rights amounting to HK$13,200,000 was recognised as at 31 March 2009 after the assessment of the recoverable amount.

(d) Impairment test on film rights -2009

The recoverable amount of film rights was determined based on value in use and with reference to the past experience which used 5 years cash flow forecast prepared by the management. Based on the calculations, the directors considered no impairment was recognised for the year ended 31 March 2009.

19. GOODWILL

	The Group	
	2010	2009
	HK$'000	HK$'000
Cost	**—**	4,259
Less: impairment loss	**—**	(4,259)
	—	—

The goodwill arose from the acquisition of Datewell Limited and its subsidiaries ("Datewell Group") in the year ended 31 March 2007, attributable to the anticipated synergy effects of the distribution of intellectual property rights and programme rights. Datewell Group was disposed of on 29 June 2009 and the details of the disposal are set out in note 10.

19. GOODWILL *(continued)*

Impairment test for cash-generating unit containing goodwill - 2009

As disclosed in note 10(a), on 29 June 2009, the Group disposed of Datewell Group to an independent third party for a consideration of HK$100. The intellectual property and programme rights were also terminated upon mutual agreement with the licensors on 13 June 2009. An impairment loss of HK$4,259,000 was recognised in profit or loss for the year ended 31 March 2009, as the directors of the Group were of the opinion that the goodwill should be fully impaired after the assessment of the recoverable amount of the relevant business unit to which the goodwill related.

20. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2010	2009
	HK$'000	HK$'000
Unlisted shares, at cost	**300**	31,672
Less : Impairment loss	**—**	(31,372)
	300	300
Amounts due from subsidiaries	**5,286,030**	5,331,827
Less : Impairment loss	**—**	(39,092)
	5,286,030	5,292,735
	5,286,330	5,293,035

The amounts due from subsidiaries are unsecured, interest free and will not be demanded for repayment and, in substance, form part of the Company's investments in subsidiaries as quasi-equity contributions.

As set out in notes 9 and 10, on 23 June 2009 and 21 July 2009, the Group entered into two separate sale and purchase agreements to dispose of the entire interests of Datewell Group and the Panorama Group, respectively. The disposals of the Datewell Group and the Panorama Group were completed on 29 June 2009 and 15 September 2009, respectively.

For the year ended 31 March 2009, due to the financial turmoil, the market for sales of video products and sub-licensing of film rights was adversely affected, the operating results of Panorama Group for the year ended 31 March 2009 was significantly below that of the approved budget. In this connection, after consideration of the market demands and financial viability of the Panorama Group's business in the foreseeable future, the management had assessed the recoverable amount of the interest in Panorama Group.

20. INVESTMENTS IN SUBSIDIARIES *(continued)*

Impairments were recognised for the investments in and the amounts due from the Panorama Group and Datewell Group, which were engaged in sales of video products and sub-licence of film rights, with an aggregate amount of HK$27,734,000, of which, HK$5,800,000 and HK$21,934,000 were related to the cost of investments in and the amounts due from these subsidiaries respectively, in the income statement for the year ended 31 March 2009, because the recoverable amounts of these balances were lower than their carrying amounts. Both Datewell Group and Panorama Group had been operating at losses. The provision for impairments were based on assessment of the recoverable amounts for the corresponding cash-generating units, which required an estimation of the value in use of the cash-generating units.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

		Proportion of ownership interest				
Name	**Place of incorporation/ operation**	**Group's effective holding**	**Held by the Company**	**Held by a subsidiary**	**Issued and paid up capital**	**Principal activities**
Black Sand Enterprises Limited	Hong Kong	100%	100%	—	HK$300,000	Investing holding
Black Sand Resources Trading Limited	British Virgin Islands/ Hong Kong	100%	—	100%	US$1	Trading of metals
Black Sand Securities Trading Limited	Hong Kong	100%	—	100%	HK$1	Trading of securities
寰亞宏華商貿（北京）有限責任公司 (note i)	PRC	100%	—	100%	—	Not yet commenced business (note (i))
Service Form Limited (note ii)	Hong Kong	100%	100%	—	HK$1	Dormant
First Pine Enterprises Limited	British Virgin Islands/ Hong Kong	100%	—	100%	US$1	Investment holding
Mt. Mogan Holdings Inc.	British Virgin Islands	100%	—	100%	US$1	Investment holding
Mt. Mogan Resources and Development Corporation	The Phillippines	64%	—	64%	PHP2,500,000	Exploration and exploitation of mineral resources

Notes:

(i) The company is a wholly owned foreign enterprise established in the PRC on 4 March 2010 and the initial capital contribution has not yet been made as at the date of this report.

(ii) The company was incorporated on 19 November 2009.

21. INTEREST IN ASSOCIATES

(a) Share of net assets

	The Group	
	2010	2009
	HK$'000	HK$'000
At 1 April	**262**	—
Addition through acquisition of subsidiaries (note 40)	**—**	283
Share of results	**(35)**	(21)
At 31 March	**227**	262

The following list contains only the particulars of associates, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

			Proportion of ownership interest				
Name	Form of business structure	Place of incorporation/ operation	Group's effective holding	Held by the Company	Held by a subsidiary	Issued and paid up capital	Principal activity
Belgravia Holdings & Investments, Inc	Incorporated	The Philippines	40%	—	40%	25,000 ordinary shares of PHP100 each	Investment holding
Triple Edge Resources Holdings, Inc	Incorporated	The Philippines	40%	—	40%	25,000 ordinary shares of PHP100 each	Investment holding

21. INTEREST IN ASSOCIATES *(continued)*

(a) Share of net assets *(continued)*

The Group's share of the aggregate amounts of the assets, liabilities and results of the associates are as follows:

	2010	2009
	HK$'000	HK$'000
Assets	**457**	493
Liabilities	**(230)**	(231)
Equity	**227**	262
Revenue	**3**	—
Share of results of associates for the year	**(35)**	(21)

(b) Amounts due to associates

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

22. INVENTORIES

	The Group	
	2010	2009
	HK$'000	HK$'000
Work in progress	**—**	1,424
Finished goods	**—**	936
	—	2,360

At 31 March 2009, inventories were for the operating segments of sub-licensing of film rights and sales of video products which were disposed of during the year ended 31 March 2010 (note 10).

23. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**—**	12,715	**—**	—
Less : Allowance for doubtful debts	**—**	(11,759)	**—**	—
	—	956	**—**	—
Deposits	**444**	5,131	**—**	—
Prepayments	**195**	1,822	**—**	—
Other receivables	**472**	6,611	**37**	—
	1,111	13,564	**37**	—
Less: Allowance for doubtful debts	**—**	(9,053)	**—**	—
	1,111	4,511	**37**	—
	1,111	5,467	**37**	—

At 31 March 2009, trade receivables were for the operating segments of sub-licensing of film rights and sales of video products which were disposed of during the year ended 31 March 2010 (note 10).

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis of trade receivables

At 31 March 2009, trade receivables were net of allowance of doubtful debts of HK$11,759,000 with the following ageing analysis presented based on invoice date:

	The Group	
	2010	2009
	HK$'000	HK$'000
Current	**—**	131
Less than 3 months past due	**—**	712
3 to 6 months past due	**—**	93
Over 6 months past due	**—**	20
	—	956

Trade receivables were due within 60 to 180 days from the date of billing. The Group may, on a case by case basis and after evaluation of the business relationship and creditworthiness of its customers, extend the credit period upon customer's request.

23. TRADE AND OTHER RECEIVABLES *(continued)*

(b) Impairment of trade receivables

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 receivables directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
At 1 April	**11,759**	13,400
Impairment loss recognised	**—**	3,466
Reversal of impairment on trade receivables	**—**	(5,107)
Disposals of subsidiaries (note 10)	**(11,759)**	—
At 31 March	**—**	11,759

As at 31 March 2009, the Group's trade receivables HK$11,759,000 were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables was expected to be recovered. Consequently, specific allowances for doubtful debt of HK$11,759,000 were recognised at the end of the reporting period. The Group did not hold any collateral over these balances.

(c) Impairment of other receivables

Other receivables as at 31 March 2009 were aged more than one year and were fully impaired.

23. TRADE AND OTHER RECEIVABLES *(continued)*

(c) Trade receivables that are not impaired

	2010 HK$'000	2009 HK$'000
Neither past due nor impaired	—	131
Less than 3 months past due	—	712
3 to 6 months past due	—	93
Over 6 months past due	—	20
	—	956

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

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

24. PLEDGED BANK DEPOSITS

At 31 March 2009, pledged bank deposits represented deposits pledged with a bank as security for certain bank and other borrowings of a subsidiary, Panorama Distribution Limited. Panorama Distribution Limited was disposed of during the year ended 31 March 2010 (note 10).

25. HELD -FOR -TRADING INVESTMENTS

	The Group	
	2010 HK$'000	2009 HK$'000
Listed securities:		
- Equity securities listed in Hong Kong, at fair value	1,463	—

The fair value for the above listed securities were determined by reference to their quoted bid prices at the end of the reporting period.

26. CASH AND BANK BALANCES

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances in the consolidated statement of financial position	**4,267**	21,150	**20**	168
Bank overdrafts (note 28)	**—**	(2,432)	**—**	—
Cash and bank balances in the consolidated statement of cash flow	**4,267**	18,718	**20**	168

27. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**—**	8,427	**—**	—
Accruals	**2,520**	43	**—**	—
Withholding tax payable (note a)				
- disposed as part of the discontinued operations	**—**	2,101	**—**	—
Receipts in advance (note b)				
- disposed as part of the discontinued operations	**—**	11,899	**—**	—
Other payables	**6,814**	9,983	**5,402**	2,282
Financial liabilities measured at amortised cost	**9,334**	32,453	**5,402**	2,282

Notes:

(a) Withholding tax payable represented the tax withheld on film licenses acquired from foreign licensors at 5.75% on the purchase cost.

(b) Receipts in advance represented one year sub-licensing fees received in advance upon the signing of the sub-licensing agreement with customers.

27. TRADE AND OTHER PAYABLES *(continued)*

Included in trade and other payables were trade payables presented based on invoice date with the following ageing analysis as of the end of the reporting period.

	The Group	
	2010	2009
	HK$'000	HK$'000
Due within 3 months	**—**	257
Due over 3 months but within 6 months	**—**	59
Due over 6 months but within 9 months	**—**	122
Due over 9 months but within 12 months	**—**	7,989
	—	8,427

At 31 March 2009, all of the trade payables were for the operating segments of sub-licensing of film rights and sales of video products which were disposed of during the year ended 31 March 2010 (note 10).

28. BANK OVERDRAFTS AND BORROWINGS

	The Group	
	2010	2009
	HK$'000	HK$'000
Bank overdrafts	**—**	2,432
Bank borrowings	**—**	3,907
	—	6,339

At 31 March 2009, all of the bank overdrafts and borrowings were for the operating segments of sub-licensing of film rights and sales of video products which were disposed of during the year ended 31 March 2010 (note 10).

28. BANK OVERDRAFTS AND BORROWINGS *(continued)*

At the end of the reporting period, the bank overdrafts and borrowings were secured by the followings:

	The Group	
	2010	2009
	HK$'000	HK$'000
Secured	**—**	6,339
Secured by		
- bank deposits	**—**	2,183
- guarantee by a former subsidiary's director (note 38 (g))	**—**	11,000
	—	13,183

At the end of the reporting period, the bank overdrafts and borrowings were repayable as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
On demand or within 1 year	**—**	4,520
After 1 year but within 2 years	**—**	1,819
After 2 years but within 5 years	**—**	—
	—	1,819
	—	6,339

The range of effective interest rates (which were also the contract interest rates) on the Group's bank borrowings were as follows:

Effective interest rates	**2009**
Fixed rate borrowings	4.05% to 5.38%

All of the Group's borrowings were denominated in Hong Kong dollars.

29. CONVERTIBLE BONDS

The Group and the Company

On 18 December 2008, the Company entered into subscription agreement with Kesterion Investments Limited ("Kesterion"), which is beneficially owned by Ms. Eva Wong, a sister of Mr. Wong Chung Yu, Denny and sister-in-law of Mr. Yin Mark Teh-min, who are an executive director and non-executive director of the Company respectively, for the issue of convertible bonds with an aggregate principal amount of US$655,128,205 (equivalent to approximately HK$5,110,000,000) (the "Convertible Bonds") in connection with the acquisition of 64% equity interest in Mogan. The Convertible Bonds denominated in US$, which is the functional currency of the Company, are convertible, at the option of the holders, into ordinary shares of the Company at a fixed conversion price of HK$0.70 per conversion share, subject to any anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalization issue, capital distribution, right issue and other equity or equity or equity derivative issued at any time after the issue date. The Convertible Bonds are unsecured and non-interest bearing and will mature on 18 December 2018 and can be redeemed, using an agreed fixed exchange rate of US$1 = HK$7.8. in part(s) by the Company at anytime before the maturity date. If the Convertible Bonds are not converted, they will be redeemed on 18 December 2018, using an agreed fixed exchange rate of US$1 = HK$7.8. The total number of shares to be issued on conversion of the Convertible Bonds will be determined by dividing the principal amount of bonds to be converted (using an agreed fixed exchange rate of US$1= HK$7.8) by the conversion price HK$0.70 in effect at the conversion date.

As the functional currency of the Company is US$, the conversion option of the Covertible Bonds denominated in US$ will result in settlement by the exchange of a fixed amount of cash for a fixed number of equity instruments in accordance with HKAS32 and 39. The net proceeds received from the issue of the Convertible Bonds have been split between the liability component and equity component. The fair value of the liability component was determined as of the date of issue by an independent professional valuer, BMI Appraisals Limited, using the market rate for an equivalent non-convertible bond. The effective interest rate of the liability component is 17.7% per annum. The liability component, after the initial recognition, is carried at amortised cost, calculated using the effective interest method at the rate of 17.7% per annum. The residual amount of the Convertible Bonds at the initial recognition represents the value of the equity conversion component.

During the year ended 31 March 2010, total principal amount of US$363,910,256 (equivalent to HK$2,838,500,000 at the agreed fixed exchange rate of US$1 = HK$7.8) (2009: US$89,743,590 equivalent to HK$700,000,000 at the agreed fixed exchange rate of US$1 = HK$7.8) were converted into 4,055,000,000 (2009: 1,000,000,000) new ordinary shares of the Company of HK$0.01 each as referred to note 33 (a)(iii) to the financial statements. Outstanding principal amounts of the Convertible Bonds as at 31 March 2010 and 2009 were US$201,474,359 (equivalent to approximately HK$1,571,500,000) and US$565,384,615 (equivalent to approximately HK$4,410,000,000) respectively.

29. CONVERTIBLE BONDS *(continued)*

The Group and the Company *(continued)*

The movements of the liability component and equity component of the Convertible Bonds for both years are as follows:

	Liability component	Equity conversion component	Principal amount
	HK$'000	HK$'000	HK$'000
At 1 April 2008	—	—	
Issue of Convertible Bonds (note 40)	1,001,172	4,108,828	5,110,000
Effective interest recognised (note 5(a))	109,118	—	—
Converted during the year (note 33 (a)(iii))	(146,255)	(562,853)	(700,000)
At 31 March 2009	964,035	3,545,975	4,410,000
Effective interest recognised (note 5(a))	246,571	—	—
Converted during the year (note 33 (a)(iii))	(740,782)	(2,282,370)	(2,838,500)
At 31 March 2010	469,824	1,263,605	1,571,500

The interest charged for the year is calculated by applying an effective interest rate of 17.7% (2009: 17.7%) to the liability component.

30. PROMMISSORY NOTE

The Group

On 18 December 2008, Black Sand Enterprises Limited ("BSEL"), a wholly-owned subsidiary of the Company, issued HK$200,000,000 unsecured redeemable promissory note with zero coupon rate in connection with the acquisition of the 64% equity interest in Mogan (see note 40). The promissory note is repayable in 4 instalments over 1 year from the date of issue, with the first instalment falling due at the end of 3 months after the date of issue. BSEL has the unconditional right to defer all instalment payments until the final instalment date on 18 June 2010. BSEL has the unconditional right to redeem the promissory note prior to the maturity date by serving a written notice to the note-holder. The fair value of promissory note was determined at HK$161,756,183 as at the issue date, based on the independent valuation performed by an independent valuer, BMI Appraisals Limited. The effective interest rate of the promissory note is determined to be 15.20% per annum. The promissory note is carried at amortised cost, using the effective interest method and at the rate of 15.20% per annum, until extinguishment or redemption. During the year ended 31 March 2009, BSEL redeemed HK$10,000,000 of the promissory note.

30. PROMMISSORY NOTE *(continued)*

The Group *(continued)*

At 18 December 2009, BSEL issued a notice to the promissory note holder for the deferral of all instalment payments to the final instalment date on 18 June 2010. The promissory note has been due for full repayment as at the date of this report. According to the Debt Restructuring Agreement dated 14 May 2010 entered into among the Company, BSEL and Kesterion, Kesterion, the note holder, has agreed that, pending completion of the Debt Restructuring Agreement, it will not enforce or exercise any of its rights or remedies or take any legal proceedings against the Company or BSEL.

Movements of the carrying amount of the promissory note, carried at amortised cost, during the year ended 31 March 2010 and 2009 are set out below:

	The Group	
	2010	2009
	HK$'000	HK$'000
At 1 April	**160,510**	—
Issue of promissory note (note 40)	**—**	161,756
Redemption	**—**	(10,000)
Imputed interest charged (note 5(a))	**24,243**	8,754
At 31 March	**184,753**	160,510

The promissory note is classified in the consolidated statement of financial position at the end of the reporting period as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
Current liabilities	**184,753**	—
Non-current liabilities	**—**	160,510
	184,753	160,510

Outstanding principal amount of the promissory note as at 31 March 2010 was HK$190,000,000 (2009: HK$190,000,000).

31. OBLIGATIONS UNDER FINANCE LEASES

At 31 March 2010, the Group had no obligations under finance leases:

	2010 Present value of the minimum lease payments HK$'000	**2010** Total minimum lease payments HK$'000	2009 Present value of the minimum lease payments HK$'000	2009 Total minimum lease payments HK$'000
Within 1 year	—	—	424	464
After 1 year but within 2 years	—	—	164	178
After 2 years but within 5 years	—	—	138	150
	—	—	302	328
	—	—	726	792
Less : total future finance charges		—		(66)
Present value of lease obligations		—		726

At 31 March 2009, obligations under finance leases were for the operating segments of sub-licensing of film rights and sales of video products which were disposed of during the year ended 31 March 2010 (note 10).

The Group's obligations under finance leases were secured by the lessor's charge over the leased assets (note 15).

32. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the statement of financial position represents:

	The Group	
	2010	2009
	HK$'000	HK$'000
Hong Kong Profits Tax	**96**	—
PRC income tax	**—**	296
	96	296

(b) Deferred tax assets and liabilities recognised

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	The Group		
	Depreciation allowances in excess of the related depreciation	**Tax losses**	**Total**
	HK$'000	HK$'000	HK$'000
Deferred tax arising from:			
At 1 April 2009	12,652	(8,475)	4,177
Disposals of subsidiaries (note 10)	(12,652)	8,475	(4,177)
At 31 March 2010	—	—	—

32. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION *(continued)*

(b) Deferred tax assets and liabilities recognised *(continued)*

Representing:

	The Group	
	2010	2009
	HK$'000	HK$'000
Deferred tax liability recognised in the statement of financial position	**–**	12,652
Deferred tax asset recognised in the statement of financial position	**–**	(8,475)
	–	4,177

At 31 March 2009, deferred tax assets and liabilities were for the operating segments of sub-licensing of film rights and sales of video products which were disposed of during the year ended 31 March 2010 (note 10).

(c) Deferred tax assets not recognised

At the end of the reporting period, the Group has unused tax losses of HK$29,429,943 (2009: HK$36,164,434) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of these tax losses as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

33. SHARE CAPITAL

	Note	No. of ordinary shares of HK$0.01 each	Nominal value of ordinary shares HK$'000
Authorised ordinary shares:			
At 1 April 2008, 31 March 2009 and 31 March 2010		20,000,000,000	200,000
Issued and fully paid ordinary shares:			
At 1 April 2008		1,932,534,023	19,325
Issue of new shares			
- placing of shares	(a)(i)	114,000,000	1,140
- acquisition of subsidiaries	(a)(ii)	500,000,000	5,000
- conversion of convertible bonds	(a)(iii)	1,000,000,000	10,000
At 31 March 2009 and 1 April 2009		3,546,534,023	35,465
Issue of new shares			
- conversion of convertible bonds	(a)(iii)	4,055,000,000	40,550
At 31 March 2010		7,601,534,023	76,015

(a) Issue of share capital

(i) Issue of new shares under placement

On 17 April 2008, the Company issued 114,000,000 ordinary shares with a par value of HK$0.01 each, at a price of HK$0.44 per share by way of placement to Nice Hill Investments Limited in which a former executive director, Mr. Chin Wai Keung, Richard was the sole beneficial owner. Net proceeds from such issue amounted to HK$49,250,000 (after offsetting issue expenses of HK$910,000) out of which HK$1,140,000 and HK$48,110,000 were recorded in share capital and share premium, respectively.

(ii) Issue of new shares for acquisition of subsidiaries

On 18 December 2008, the Company issued 500,000,000 ordinary shares with a par value of HK$0.01 each, at a price of HK$0.14 per share, being the closing market price at completion date, as part of the consideration for the acquisition of 64% equity interest in First Pine Enterprises Limited as referred to note 40 to the financial statements. HK$5,000,000 and HK$65,000,000 were recorded in share capital and share premium respectively.

33. SHARE CAPITAL *(continued)*

(a) Issue of share capital *(continued)*

(iii) Issue of new shares under conversion of convertible bonds

During the year, 4,055,000,000 (2009: 1,000,000,000) ordinary shares with a par value of HK$0.01 each, were issued at HK$0.70 per share as a result of the conversion of convertible bonds of US$363,910,256 (equivalent to HK$2,838,500,000) (2009: US$89,743,590 (equivalent to HK$700,000,000) at the fixed exchange rate of US$1 = HK$7.8) by the convertible bond holders as referred to note 29 to the financial statements. HK$40,550,000 (2009: HK$10,000,000) and HK$2,982,602,000 (2009: HK$699,108,000) were recorded in share capital and share premium, respectively. Liabilities component of HK$740,782,000 (2009: HK$146,255,000) and equity conversion component of HK$2,282,370,000 (2009: HK$562,853,000) were derecognised upon conversion of these bonds as referred to in note 29.

All of the shares issued during the years ended 31 March 2009 and 2010 rank pari passu with the then existing shares in all respects.

(b) Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

33. SHARE CAPITAL *(continued)*

(b) Capital management *(continued)*

The net debt-to-adjusted capital ratio at 31 March 2010 and 2009 was as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
Current liabilities		
- Trade and other payables	**9,334**	32,453
- Amount due to a related company	**—**	2,600
- Amounts due to related parties	**—**	3,063
- Amounts due to associates	**57**	73
- Shareholder's loan	**8,000**	—
- Obligations under finance leases	**—**	424
- Bank overdrafts and borrowings	**—**	4,520
- Promissory note	**184,753**	—
	202,144	43,133
Non-current liabilities		
- Convertible bonds	**469,824**	964,035
- Promissory note	**—**	160,510
- Obligations under finance leases	**—**	302
- Bank overdrafts and borrowings	**—**	1,819
	469,824	1,126,666
Total debt	**671,968**	1,169,799
Less: Cash and bank balances and pledged bank deposits	**(4,267)**	(23,333)
Net debt	**667,701**	1,146,466
Total capital	**7,772,179**	7,295,661
Net debt-to-capital ratio	**8.6%**	15.7%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

34. RESERVES

(a) The Group

	Share premium HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Share option reserve HK$'000	Convertible bond equity reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2008	105,173	10,440	83	320	—	(84,609)	31,407
Equity component of convertible bonds (note 29)	—	—	—	—	4,108,828	—	4,108,828
Issue of new shares							
- placing of shares (note 33 (a)(i))	48,110	—	—	—	—	—	48,110
- acquisition of subsidiaries (note 33 (a)(ii))	65,000	—	—	—	—	—	65,000
- conversion of convertible bonds (note 29 and (note 33 (a)(iii))	699,108	—	—	—	(562,853)	—	136,255
Total comprehensive loss for the year	—	—	73	—	—	(162,860)	(162,787)
At 31 March 2009 and 1 April 2009	917,391	10,440	156	320	3,545,975	(247,469)	4,226,813
Issue of new shares							
- conversion of convertible bonds (note 29 and (note 33 (a)(iii))	2,982,602	—	—	—	(2,282,370)	—	700,232
Disposals of subsidiaries (note 10)	—	—	(156)	—	—	—	(156)
Total comprehensive loss for the year	—	—	19	—	—	(263,794)	(263,775)
At 31 March 2010	**3,899,993**	**10,440**	**19**	**320**	**1,263,605**	**(511,263)**	**4,663,114**

34. RESERVES *(continued)*

(b) The Company

	Share premium HK$'000	Share option reserve HK$'000	Contributed surplus HK$'000	Convertible bond equity reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2008	105,173	320	25,571	—	(59,939)	71,125
Equity component of convertible bonds (note 29)	—	—	—	4,108,828	—	4,108,828
Issue of new shares						
- placing of shares (note 33 (a)(i))	48,110	—	—	—	—	48,110
- acquisition of subsidiaries (note 33 (a)(ii))	65,000	—	—	—	—	65,000
- conversion of convertible bonds (note 29 and (note 33 (a)(iii))	699,108	—	—	(562,853)	—	136,255
Total comprehensive loss for the year	—	—	—	—	(137,897)	(137,897)
At 31 March 2009 and 1 April 2009	917,391	320	25,571	3,545,975	(197,836)	4,291,421
Issue of new shares						
- conversion of convertible bonds (note 33 (a)(iii))	2,982,602	—	—	(2,282,370)	—	700,232
Total comprehensive loss for the year	—	—	—	—	(264,507)	(264,507)
At 31 March 2010	**3,899,993**	**320**	**25,571**	**1,263,605**	**(462,343)**	**4,727,146**

34. RESERVES *(continued)*

(c) Nature and purpose of reserves

(i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Special reserve

The special reserve of the Group represents the difference between the nominal value of the issued share of subsidiaries acquired over the nominal value of the shares issued by the Company pursuant to the Group Reorganisation to rationalise the group structure in preparation of the listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations into the presentation currency. The reserve is dealt with in accordance with the accounting policies in note 2(aa).

(iv) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to the eligible participants recognised in accordance with the accounting policy adopted for share-based payments in note 2(w).

(v) Contributed surplus

The contributed surplus of the Company represents the excess of the net assets of the subsidiaries acquired pursuant to the Group Reorganisation over the nominal value of the Company's shares issued in exchange.

34. RESERVES *(continued)*

(c) Nature and purpose of reserves *(continued)*

(vi) Convertible bond equity reserve

The value of unexercised equity component of convertible notes issued by the Company is recognised in accordance with the accounting policy adopted for convertible notes in note 2(s).

(vii) Distributability of reserves

At 31 March 2010, the aggregate amount of reserves available for distribution to equity shareholders of the Company was subject to the conditions on the share premium account as stated above.

35. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Share Option Scheme was adopted on 25 April 2002 for the primary purpose of providing incentives and to recognise the contribution of the eligible participants to the growth of the Group and will expire on 24 April 2012. Under the Share Option Scheme, the Board may grant options to eligible full-time or part-time employees, including any executive, non-executive and independent non-executive Directors, and consultants or advisers of the Company and/or any of its subsidiaries.

The total number of shares in respect of which options may be granted under the Share Option Scheme, and any other option schemes is not permitted to exceed 30% of the issued share capital of the Company from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the issued share capital of the Company without prior approval from the Company's shareholders.

Options granted must be taken up within three days of the date of grant, upon payment of HK$1 per grant.

Options may be exercised at any time during a period to be notified by the board of Directors (the "Board") upon the grant of options provided that the option period shall not exceed 10 years from the date of grant of the options. No minimum period for which an option must be held is required. The exercise price, which is determined by the Board is the highest of: (i) the closing price per share on the date of grant; (ii) the average closing price per share for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

35. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

(a) The terms and conditions of the grant that existed during the two years ended 31 March 2010 and 2009 are as follows, whereby all options are settled by physical delivery of shares:

Options granted to consultants	Exercise price	Number of shares issuable under options	Share issued	Vesting conditions	Contractual life of options
	HK$				
– on 6 March 2007	0.188	5,000,000	—	Three days from the date of grant	10 years

(b) The number and weighted average exercise prices of share options are as follows:

	2010		2009	
	Weighted average exercise price	**Number of shares issuable under options granted**	Weighted average exercise price	Number of shares issuable under options granted
Outstanding at the beginning of the year	**HK$0.188**	**5,000,000**	HK$0.188	5,000,000
Granted during the year	**—**	**—**	—	—
Exercised during the year	**—**	**—**	—	—
Forfeited during the year	**—**	**—**	—	—
Expired during the year	**—**	**—**	—	—
Outstanding at the end of the year	**HK$0.188**	**5,000,000**	HK$0.188	5,000,000
Exercisable at the end of the year	**HK$0.188**	**5,000,000**	HK$0.188	5,000,000

The options outstanding at 31 March 2010 had an exercise price of HK$0.188 (2009: HK$0.188) and weighted average remaining contractual life of 7 years (2009: 8 years).

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

(i) Trade and other receivables

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are due within 30 to 180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Further quantitative analysis in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 23.

At 31 March 2010, credit risk exposure of the Group is insignificant. At 31 March 2009, the Group has a certain concentration of credit risk as 11% and 39% of the total trade receivables were due from the Group's largest customer and the five largest customers as at 31 March 2009, respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide any guarantees which would expose the Group to credit risk.

(ii) Deposits with banks

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit ratings. Given the high credit ratings of the bank, management does not expect any counterparty to fail to meet its obligations.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the date of statement of financial position) and the earliest date the Group and the Company can be required to pay:

The Group

		Contractual undiscounted cash outflow				
			2010			
	Carrying amount HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash outflow HK$'000
Trade and other payables	9,334	9,334	—	—	—	9,334
Amounts due to associates	57	57	—	—	—	57
Shareholder's loan	8,000	8,000	—	—	—	8,000
Promissory note	184,753	190,000	—	—	—	190,000
Convertible bonds	469,824	—	—	—	1,571,500	1,571,500
	671,968	207,391	—	—	1,571,500	1,778,891

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(b) Liquidity risk *(continued)*

The Group

		Contractual undiscounted cash outflow				
		2009				
	Carrying amount HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash outflow HK$'000
Trade and other payables	32,453	32,453	—	—	—	32,453
Amounts due to associates	73	73	—	—	—	73
Amounts due to related parties/ companies	5,663	5,663	—	—	—	5,663
Obligation under finance lease	726	464	178	150	—	792
Bank overdrafts and borrowings	6,339	4,746	1,910	—	—	6,656
Promissory note	160,510	—	190,000	—	—	190,000
Convertible bonds	964,035	—	—	—	4,410,000	4,410,000
	1,169,799	43,399	192,088	150	4,410,000	4,645,637

The Company

		Contractual undiscounted cash flow				
		2010				
	Carrying amount HK$'000	**Within 1 year or on demand HK$'000**	**More than 1 year but less than 2 years HK$'000**	**More than 2 years but less than 5 years HK$'000**	**More than 5 years HK$'000**	**Total contractual undiscounted cash outflow HK$'000**
Shareholder's loan	**8,000**	**8,000**	**—**	**—**	**—**	**8,000**
Other payables	**5,402**	**5,402**	**—**	**—**	**—**	**5,402**
Convertible bonds	**469,824**	**—**	**—**	**—**	**1,571,500**	**1,571,500**
	483,226	**13,402**	**—**	**—**	**1,571,500**	**1,584,902**

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(b) Liquidity risk *(continued)*

The Company

		Contractual undiscounted cash flow				
		2009				
	Carrying amount HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash outflow HK$'000
Other payables	2,282	2,282	—	—	—	2,282
Convertible bonds	964,035	—	—	—	4,410,000	4,410,000
	966,317	2,282	—	—	4,410,000	4,412,282

(c) Interest rate risk

(i) Interest rate profile

The Group's interest rate risk arises primarily from bank borrowings and deposits at bank. All of the bank loans of the Group were bearing prevailing market interest rates and were sensitive to any change in market interest rates. The Group did not use derivative financial instruments to hedge its debts obligations.

The Group manages the risk by setting roll-over periods of various duration on its revolving loans after due consideration of market conditions and expectation of future interest rate movements. However, the Group does not expect any significant change in interest rates which might materially affect the Group's results of operations.

The following table details the interest rate profile of the Group's and the Company's interest-generating financial assets and interest-bearing financial liabilities at the end of the reporting period:

The Group

	2010		2009	
	Effective interest rate	**HK$'000**	Effective interest rate	HK$'000
Pledged bank deposits	**—**	**—**	0.20%	2,183
Cash and bank balances	**0.12%**	**4,267**	0.05%	21,150
Bank loans	**—**	**—**	4.05%	3,907
Bank overdrafts	**—**	**—**	5.38%	2,432

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Interest rate risk *(continued)*

(i) Interest rate profile (continued)

The Company

	2010		2009	
	Effective interest rate	HK$'000	Effective interest rate	HK$'000
Cash and bank balances	**0.12%**	**20**	0.05%	168

(ii) Sensitivity analysis

At 31March 2010, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss after income tax and accumulated losses for the year by approximately HK$43,000 (2009: HK$297,000). Other components of equity would not be affected (2009: Nil) by the changes in interest rates.

The above sensitivity analysis has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that day. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual date of statement of financial position. The analysis is performed on the same basis for 2009.

(d) Currency risk

The majority of the transactions of the Group were denominated in Hong Kong Dollar ("HK$") and United States Dollar ("US$") which is pegged with HK$ at a designated range such that the exposure on fluctuation of foreign currency rate is limited. Given that the foreign currency exposure is limited, sensitivity analysis to changes in foreign currency rates is not presented thereof.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(e) Other price risk

The Group is exposed to equity price changes arising from equity investments classified as held-for-trading investments.

The Group's listed investments are listed on the Stock Exchange of Hong Kong. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs.

At 31 March 2010, it is estimated that an increase/(decrease) of 10% (2009: Nil%) in the relevant stock market index (for listed investments) with all other variables held constant, would have increased/decreased the Group's loss after tax (and accumulated losses) as follows:

	Effect on loss after income tax and accumulated losses	
	2010	2009
	HK$'000	HK$'000
Change in the relevant equity price risk variable:		
Increase	**187**	—
Decrease	**199**	—

The sensitivity analysis indicates the instantaneous change in the Group's loss after tax (and accumulated losses) that would arise assuming that the changes in the stock market index had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables and that all other variables remain constant.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(f) Fair values

(i) Financial instruments carried at fair value

The following table provides an analysis of financial instruments that are measured at fair value at the end of the reporting period, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

— Level 1: fair values measured based using quoted prices (unadjusted) in active markets for identical assets or liabilities.

— Level 2: fair values measured on valuation techniques to which all significant inputs are directly or indirectly based on observable market data.

— Level 3: fair values measured using valuation techniques in which any significant input is not based on observable market data.

At 31 March 2010, the Group held trading securities carried at fair value of HK$1,463,000 which are recognised as listed financial assets. These listed financial instruments fall into Level 1 of the fair value hierarchy described above.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2010 and 2009.

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(g) Estimation of fair values

The following methods and assumptions were used to estimate the fair value for each class of financial instruments:

(i) Securities

Fair value for quoted equity investments is based on listed market price at the end of the reporting period.

(ii) Cash and cash equivalents, pledged deposits, trade and other receivables, and trade and other payables.

The carrying values of these financial assets and liabilities approximate their fair values because of the short maturities of these instruments.

(iii) Interest-bearing loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

37. ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the date of statement of financial position, that may have s significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have suffered any impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amounts of assets or cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(b) Impairment of exploration and evaluation assets

In determining whether the Group's exploration and evaluation assets are impaired, management has to exercise judgement in the area of asset impairment, particularly in assessing (i) whether the Group is able to obtain the right to exploit in the specific mining site; (ii) whether the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale. In any such cases, the Group shall perform an impairment test in accordance with the accounting policy state in note 2 (n).

(c) Impairment of investments in subsidiaries

The Group makes impairment on investments in subsidiaries when the related recoverable amounts of the investments in subsidiaries, with reference to the net asset values of the subsidiaries, are estimated to be less than their carrying amounts.

37. ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(d) Impairment of receivables

Impairment of receivables is made based on an assessment of the recoverability of receivables. The identification of impairment requires management's judgements and estimates. When the actual outcome is different from the original estimates, such differences will impact the carrying amounts of the receivables and impairment loss in the period in which such estimate has been changed.

(e) Provision for rehabilitation

Provision for rehabilitation is based on estimates of future expenditures incurred by management to undertake rehabilitation and restoration work to magnetite mine which are discounted at a rate reflecting the term and nature of the obligation. Significant estimates and assumptions are made in determining the provision for rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in the discount rate. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at end of the reporting period represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the consolidated statement of financial position by adjusting the rehabilitation asset and liability. At 31 March 2010, the directors of the Group estimated that no provision for rehabilitation is required (2009: Nil).

(f) Liability component of convertible bonds and promissory note

The fair value of the liability component of the convertible bonds and the promissory note, at their initial recognition, are estimated by independent professional valuer based on transactions of similar financial instruments in the market which generally represent the best estimate of the market value.

37. ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(g) Income taxes and deferred taxation

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for taxation. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred taxation provisions in the financial period in which such determination is made.

Deferred tax assets relating to certain temporary differences and certain tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences will impact the recognition of deferred tax and tax in the periods in which such estimate is changed.

(h) Functional currency

The Group has adopted US$ as the functional currency, which is the currency of the primary economic environment in which the Group operates. The determination of functional currency requires significant judgement and the adoption of US$ as functional currency of the Group has affected the results and the application of accounting treatment of the Group.

(i) Environmental contingencies

The Group has not incurred any significant expenditure for environment remediation and is currently not involved in any environmental remediation. In addition, the Group has not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The Government of Philippines, however, has moved and may move further towards more rigorous enforcement of applicable laws and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to mines, concentrators and smelting plants whether they are operating, closed and sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future costs is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot be reasonably estimated at present, and could be material.

38. RELATED PARTY TRANSACTIONS

During the years ended 31 March 2010 and 2009, the directors are of the view that the following companies are related parties to the Group:

Name of the related party	**Relationship**
Pacific Glory Industries Limited	Shareholder of a former subsidiary
Panorama Entertainment Holdings Limited	A director of a former subsidiary, Fung Yu Hing, and Leung Siu Kuen have beneficial interest
Fung Yu Hing	Director of a former subsidiary
Leung Siu Kuen	Director of a former subsidiary
Allan Fung Assets Limited	A director of a former subsidiary, Fung Yu Hing, has beneficial interest
So Wing Lok	Ex-director of the Company
Lo Wing Keung	Ex-director of the Company

(a) Amount due from a related party

	The Group	
	2010	2009
	HK$'000	HK$'000
– Leung Siu Kuen	**—**	84

The amount due from a related party was of non-trade nature, unsecured, interest free and repayable on demand.

(b) Amount due from a related company

	The Group	
	2010	2009
	HK$'000	HK$'000
– Panorama Entertainment Holdings Limited	**—**	10

The amount due from a related company was of non-trade nature, unsecured, interest free and repayable on demand.

38. RELATED PARTY TRANSACTIONS *(continued)*

(c) Amount due to a related company

	The Group	
	2010	2009
	HK$'000	HK$'000
– Pacific Glory Industries Limited	**—**	2,600

The amount due to a related company was of non-trade nature, unsecured, interest-free and repayable on demand.

(d) Amounts due to related parties

	The Group	
	2010	2009
	HK$'000	HK$'000
– So Wing Lok	**—**	1,817
– Lo Wing Keung	**—**	390
– Fung Yu Hung	**—**	856
	—	3,063

The amounts due to related parties were of non-trade nature, unsecured, interest-free and repayable on demand.

(e) Shareholder's loan

	The Group and The Company	
	2010	2009
	HK$'000	HK$'000
Kesterion Investments Limited	**8,000**	—

Shareholder's loan is unsecured, interest-free and repayable upon completion of the Debt Restructuring Agreement as referred to in note 43 (b).

38. RELATED PARTY TRANSACTIONS *(continued)*

(f) Key management personnel remuneration

Remuneration for key management personnel to the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid individuals as disclosed in note 8, is as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
Short-term employee benefits	**5,218**	4,784
Post-employment benefits	**48**	51
	5,266	4,835

Total remuneration is included in "staff costs" (note 5).

(g) Personnel guarantees and securities provided by a former subsidiary's directors – 2009

During the year ended 31 March 2009, directors of the then subsidiary, Panorama Distributions Company Limited, provided personal guarantees and securities to banks and financial institution to the extent HK$11,000,000 to secure credit facilities granted to the former subsidiary of the Company as follows:

(i) Certain properties owned by a former subsidiary's directors; and

(ii) Certain properties owned by companies in which the former subsidiary's directors had beneficial interests.

On 15 September 2009, the subsidiary was disposed of as referred to notes 9 and 10.

39. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

At 31 March 2010, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises are payable as follows:

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**1,263**	1,221	**—**	—
After one year but within five years	**2,315**	55	**—**	—
	3,578	1,276	**—**	—

(b) Capital commitments

	The Group	
	2010	2009
	HK$'000	HK$'000
Contracted for but not provided for in the financial statements		
– Film rights	**—**	520
– Exploration and evaluation assets	**1,463**	—
	1,463	520

The Company had no material capital commitments as at 31 March 2010 (2009: Nil).

(c) Contingencies

The Group and the Company had no material contingent liabilities at the end of reporting period (2009: Nil).

40. PURCHASE OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARY - 2009

On 18 December 2008, the Group acquired certain offshore exploration permit applications for mining claims in Philippines (see note 16 to the financial statements) and its related assets and liabilities for a total consideration of HK$5,700 million which was satisfied by (i) cash of HK$40 million, (ii) HK$350 million by the allotment and issue of 500,000,000 consideration shares of the Company, (iii) HK$200,000,000 promissory note with zero coupon rate and (iv) HK$5,110,000,000 convertible bonds with zero coupon rate. The purchase was by way of acquisition of the entire issued share capital of First Pine Enterprises Limited ("First Pine") which indirectly holds 64% equity interest of Mt. Mogan Resources and Development Corporation ("Mogan"). This transaction had been accounted for as a purchase of assets and liabilities. First Pine and Mogan had not yet commenced the mining business at the date of acquisition.

	2009
	HK$'000
Net assets acquired:	
Property, plant and equipment	262
Interest in associates	283
Payment for intangible assets - mining claims (note (16))	8,427,515
Other receivables	209
Cash at bank	162
Other payables	(1,936)
	8,426,495
Less: minority interest	(3,033,421)
	5,393,074
Total consideration satisfied by:	
– Cash paid	40,000
– Consideration shares of the Company - at fair value (note 33 (a)(ii))	70,000
– Promissory note (note 30)	161,756
– Convertible bonds (note 29)	5,110,000
– Direct expenses relating to the acquisition	11,318
	5,393,074

40. PURCHASE OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARY - 2009 *(continued)*

	2009
	HK$'000
Net cash outflow arising on acquisition:	
Cash acquired	162
Consideration paid in cash	(40,000)
Direct expenses relating to the acquisition	(11,318)
	(51,156)

The fair value of 500,000,000 consideration shares issued for the acquisition of First Pine was determined at HK$0.14 each, being the closing market price on acquisition date on 18 December 2008.

41. DEREGISTRATION OF A SUBSIDIARY – 2009

Upon deregistration of Go Film Distribution Limited on 24 October 2008, in which 60% of its issued capital was held by Scenerama Company Limited, minority interest of HK$5,172,000 was derecognised during the year ended 31 March 2009.

42. CONVERTIBLE LOAN AGREEMENT

On 30 September 2008, the Company and its wholly-owned subsidiary, Black Sand Enterprises Limited (as borrower) entered into a convertible loan agreement with an independent third party which had agreed to provide a conditional credit facility of Euro 200 million ("Convertible Loan"). The loan will bear interest at the rate of 3% per annum and will be unsecured and repayable together with all accrued interest, upon the third anniversary of the drawdown date. Pursuant to the agreement, the lender may, at any time after the drawdown date but before the third anniversary of the drawdown date, convert the amount outstanding under the loan up to 2,000,000,000 new shares of the Company at a rate of Euro 0.1 per share equivalent to HK$1.1168 per share, based on the exchange rate of Euro: HK$11.1678) at a fixed conversion rate o1 Euro 1: HK$11.1678.

On 30 September 2009, the Company agreed with the lender to terminate the convertible loan agreement.

43. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group and the Company had the following post balance sheet events:

(a) Termination of proposed share consolidation and proposed open offer

On 8 April 2010, the Company had decided to terminate the proposed share consolidation scheme pursuant to which the Company proposed to consolidate every 20 existing shares of HK$0.01 each into one adjusted share of HK$0.20 each, and the proposed open offer by issuing 1,520,306,804 new adjusted shares of HK$0.20 each.

(b) Investment Agreement and Debt Restructuring Agreement involving the issue of subscription shares and convertible bonds

On 9 April 2010, a conditional Investment Agreement (as amended and supplemented on 14 May 2010) was entered between the Company and an independent third party, China Raybo International Corp. Ltd, ("the Investor") pursuant to which, the Company will issue to the Investor (i) 10,000,000,000 new shares of HK$0.01 each at the subscription price of HK$0.25 each, for an aggregate consideration of HK$2,500 million, and (ii) three-year unsecured zero coupon rate convertible bonds with an aggregate principal amount of approximately US$64 million (equivalent to approximately HK$500 million). Aggregate net proceeds from the issue of subscription shares and the new convertible bonds will be approximately HK$2,970 million, out of which approximately HK$1,769.5 million will be used for the full settlement of the aggregate amounts due from the Company to a substantial shareholder, Kesterion comprising promissory note with principal amount of HK$190 million (note 30) above, convertible bonds with principal amount of HK$1,571.5 million (note 29) and short-term loan of HK$8 million (note 38(e)) ("the Kesterion Existing Debts") under the Debt Restructuring Agreement dated 14 May 2010 entered into among the Company, BSEL and Kesterion. The balance of the net proceeds of approximately HK$1,200.5 million will be used for financing the mining operations in the Philippines and as general working capital of the Group.

43. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(b) Investment Agreement and Debt Restructuring Agreement involving the issue of subscription shares and convertible bonds *(continued)*

The completion of the Investment Agreement will be subject to fulfillment of certain pre-conditions, including the followings:

— the passing of the required resolutions by the Independent Shareholders by way of a poll at the EGM approving: (i) the Investment Agreement and the transactions contemplated thereunder; (ii) the Whitewash Waiver; (iii) the settlement of the Kesterion Existing Debts as mentioned above in cash which constitutes a special deal ("Special Deal"); (iv) the grant of a special mandate from the Shareholders at the EGM to allot and issue the Subscription Shares and the Conversion Shares; (v) the appointment of three persons nominated by the Investor as Directors.

— the passing of the required resolutions by the Shareholders by way of poll at the EGM approving the increase in the authorised share capital of the Company;

— the Stock Exchange has granted the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares that will be allotted and issued by the Company, the Whitewash Waiver and the Special Deal;

— the Investor has satisfactorily completed the due diligence work on the assets, liabilities and operations of the Group, and the Company will provide the Investor with legal opinion on outstanding litigations, claims, legality of asset ownership, environmental protection, work permits for the exploration etc; and

— the Investor has obtained all the necessary internal, governmental and other regulatory approvals, consents and registration required for the completion of the Investment Agreement.

At the approval date of these financial statements, the abovementioned conditions have not yet been completed.

44. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), Presentation of financial statements, and HKFRS 8 Operating segments, certain comparative figures have been reclassified to conform to current year's presentation.

RESULTS

	For the year ended 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Continuing operations					
Turnover	**14,730**	4,287	—	—	—
Loss from operations	**(19,044)**	(16,249)	—	—	—
Finance costs	**(270,907)**	(117,872)	—	—	—
Loss before income tax	**(289,951)**	(134,121)	—	—	—
Income tax	**(24)**	(73)	—	—	—
Loss for the year from continuing operations	**(289,975)**	(134,194)	—	—	—
(Loss)/profit for the year from discontinued operation, net	**25,811**	(28,724)	(47,515)	(69,807)	2,305
(Loss)/profit for the year	**(264,164)**	(162,918)	(47,515)	(69,807)	2,305
Other comprehensive income for the year	**(137)**	73	15	1	—
Total comprehensive income for the year	**(264,301)**	(162,845)	(47,500)	(69,806)	2,305
(Loss)/ profit for the year attributable to:					
Owner of the Company	**(263,931)**	(162,787)	(48,627)	(70,232)	2,450
Minority interests	**(370)**	(58)	1,127	426	(145)
Net (loss)/profit for the year	**(264,301)**	(162,845)	(47,500)	(69,806)	2,305

ASSETS AND LIABILITIES

	At 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**8,444,243**	8,469,933	105,812	88,184	151,014
Total liabilities	**(672,064)**	(1,174,272)	(49,888)	(82,850)	(84,073)
Minority interests	**(3,033,050)**	(3,033,383)	(5,192)	(6,319)	(6,745)
	4,739,129	4,262,278	50,732	(985)	60,196