Grand T G Gold Holdings Limited
大唐潼金控股有限公司

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

Annual Report 2009/2010

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CONTENTS

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business	Units 07-08, 28th Floor Office Tower, Convention Plaza 1 Harbour Road Wanchai, Hong Kong
Executive Directors	Mr. Lee Shing *(Chairman)* Mr. Lee Sing Leung, Robin *(Chief Executive Officer)* Ms. Kwok Tai Pan
Independent Non-Executive Directors	Mr. Orr Joseph Wai Shing Mr. Jiao Zhi Dr. Cheung Wai Bun, Charles *J.P.*
Company secretary	Mr. Ho Wing Kai
Compliance officer	Mr. Lee Shing
Audit committee	Mr. Orr Joseph Wai Shing *(Chairman of the Audit Committee)* Mr. Jiao Zhi Dr. Cheung Wai Bun, Charles *J.P.*
Remuneration committee	Dr. Cheung Wai Bun, Charles *J.P.* *(Chairman of the Remuneration Committee)* Mr. Orr Joseph Wai Shing Mr. Jiao Zhi Mr. Lee Sing Leung, Robin
Authorised representatives	Mr. Lee Shing Mr. Ho Wing Kai

CORPORATE INFORMATION

Process agent under Part XI of the Companies Ordinance	Mr. Lee Shing
Principal share registrar and transfer office	HSBC Trustee (Cayman) Limited P.O. Box 484 HSBC House 68 West Bay Road Grand Cayman Cayman Islands, KY1-1106
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Auditors	Parker Randall CF (H.K.) CPA Limited *Certified Public Accountants* Room 201, 2nd Floor Two Grand Tower 625 Nathan Road Kowloon, Hong Kong
Principal banker	Wing Hang Bank Limited
Stock code	8299
Company homepage/website	http://www.grandtg.com http://www.aplushk.com/clients/8299GrandTG/

On behalf of the board of directors (the "Board") of Grand T G Gold Holdings Limited (the "Company"), together with its subsidiaries, (the "Group"), I hereby present the Company's annual results for the year ended 31 March 2010.

The 2009/2010 financial year has been a year of remarkable change and challenge globally, and for the Group especially. While the global economic recovery remained fragile and the financial market was substantially volatile in the year, the Board is pleased that the Group has nonetheless maintained a strong focus on advancing its strategy and in the process, achieved great accomplishments.

The Group has continued its remarkable resilience in profitability in the third quarter of the year into the fourth quarter by posting a quarterly profit of about HK$8.5 million. The revenue for the year has increased by more than 190% to approximately HK$100.2 million over the year of 2009 on a year-on-year basis. During the year, the Group achieved its goal of improving its operating margin progressively and attained an overall gross profit margin of more than 80%. With the increased revenue and operating margin, the EBITDA exclusive of exceptional items came around strongly to a profit of approximately HK$46.4 million for the year from a loss of approximately HK$6.9 million in the year of 2009, representing a remarkable HK$53.3 million rebound.

The Group also materialized the plan of reducing its gearing ratio during the year. The gearing ratio was significantly reduced from over 60% as at 31 March 2009 to about 10% as at 31 March 2010.

During the year, the Group embraced a bold yet simple vision, which is for Grand T G Gold Holdings Limited to elevate as a substantial mid-tier global gold producer. Underpinning this goal, the Company has adopted three objectives that guide the Company towards achieving this vision. These are:

1. ***Expansion of production capacity:*** The Company will not only expand its production capacity so as to improve its profitability and operating cash flows but also introduce advanced mining and processing technologies to increase productivity and maximize its investment return.

2. ***Increase of gold reserve and resources:*** The Company aims to increase its gold reserve and resources and life of mines by continuing its ongoing exploration programs in its existing mining and exploration areas, ensuring cost effective and timely drilling with initial focus on discovery of high quality of gold resources for near term production.

3. ***Growth via mergers and acquisitions:*** The Company is actively pursuing growth opportunities via acquisition of operational gold mining assets that will enhance current mining operations.

The Group is strategically positioning itself to consolidate gold mining projects in the world's three largest gold producing regions, namely China, Australia and South Africa.

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

OPERATIONAL REVIEW

Production

China

For the first half of the year, the Group focused on implementation of feasibility studies and upgrading its production facilities to produce 65,000 ounces of gold per annum at the gold mines of Tongguan Taizhou Mining Company Limited ("Taizhou Mining"), an indirect non-wholly owned subsidiary of the Company in China. During the second half of the year, the Group completed the first phase of upgrading its production facilities. As both production capacity and recovery rate have greatly improved, the Group experienced a strong improvement in its performance as a result. Revenue for the year ended 31 March 2010 was HK$100,213,000, representing a significant 190.4% increase as compared to the previous year.

During the second half of the year, a new gold vein was put into production and more operating gold assets are in the pipeline which will provide steady supply of ores for processing, and thus provide a stability, predictability and consistency in the Group's performance. In April 2010, the Group commenced the construction of a new gold production plant with new cyanidation, smelting and separation facilities to be installed. The construction of the new gold production plant is a key project in the area where the gold mines of the Group are situated and has received the wholehearted support from the local governments. Upon completion, the gold production capacity of the Group will be increased by 1,000 tonnes of ore per day, thereby the Group's total annual production capacity will be increased to approximately 500,000 tonnes of ore (equivalent to approximately 3 tonnes of gold per annum) with production cost which is highly competitive and below the market average. The Group plans to invest a total of approximately RMB65 million in and targets to complete the construction of the new gold production plant in the third quarter of 2010. The new plant will also produce gold bars and has the capacity to recover up to approximately 15,000 tonnes of lead and 30,000 tonnes of copper per annum.

Australia

Apex Minerals NL ("Apex"), a gold mining and gold production company listed on the Australian Stock Exchange in which the Group has interest, has also made significant progress since the quarter ended 31 December 2009. Its underground mining provided 85,000 tonnes of ore for the quarter ended 31 March 2010 and the improved ore production has continued into April 2010. Following implementation of development efficiency improvements, Apex had achieved record improvement by completing development of 1,884 metres in the quarter ended 31 March 2010, in line with the rates seen in the previous quarter.

Exploration

China

As mentioned in the Company's announcement dated 7 September 2009, the total gold reserve and resources of the mines of Taizhou Mining has increased by approximately 6.6 tonnes as a result of the exploration program as confirmed by SRK Consulting China Limited, an independent technical advisor of international repute, thereby increasing the total gold reserve and resources of the Group to approximately 41 tonnes, representing an increase of 19.27%. As articulated, the Group will continue to devote its efforts and resources in the exploration of mines and during the year Taizhou Mining also completed a further stage of the exploration program, the preliminary results of which showed that there were additional gold resources of approximately of 6 tonnes. Subject to final testing, the Group's gold reserve and resources will increase to about 47 tonnes for its China operation, representing an increase of 36.7%.

The Group will introduce deep level exploration in 2010 and step up exploration and development in and around its existing operations with a new exploration program being under contemplation with a budget cost of approximately RMB33 million. The Group targets to increase its gold reserve and resources by about 15 tonnes and lead resources of 30,000 tonnes with drilling work of 28,000 metres through the exploration program by 2011.

Australia

During the last year, the new exploration program of Apex at the Wiluna gold project delivered immediate success with drilling having identified the extension of rich historic orebody close to its existing underground development. An assessment of an upper extension to its current development area has been made which has resulted in a decision to mine the new zone, with development having commenced recently.

The Group will strive to extract greater value from the mining assets it owns and operates by extending the life of mines and create incremental value through (i) use of more efficient cost structures and mining techniques; and (ii) increasing the reserve and resources base through focused development and selected capital expenditure.

Mergers and Acquisitions Activities

While the year ended 31 March 2010 was a year of great operational challenges, it was also a year of significant milestones on the Group's course towards achieving its target.

During the year, the Group made several milestones in increasing its quality and low cost gold assets portfolio by securing its investment in gold properties with growth potential in strategic geographical locations.

China

During the year, the Group concluded acquisition of three potential gold mines to expand its gold footprints in China's largest gold producing regions.

Further to the memorandum of understanding signed on 14 August 2009, the Company entered into a framework agreement on 7 September 2009 for a two-stage acquisition of 100% equity interest in 河南宏金礦業有限公司 (Henan Hongjin Mining Company Limited), a gold development company located in the Henan Province, with an estimated gold reserve and resources of approximately 3.29 tonnes according to a technical report issued by a professional consultant. Total consideration amounting to HK$41,250,000 will be satisfied by HK$4,800,000 in cash and HK$36,450,000 by the issue of 135,000,000 shares of the Company. Details of which were set out in the announcement of the Company dated 7 September 2009. The framework agreement is now expected to be completed by 31 August 2010.

Further to the memorandum of understanding signed on 7 September 2009, the Company also entered into a framework agreement on 8 February 2010 for a two-stage acquisition of 100% equity interest in 河南宏南礦業有限公司 (Henan Hongnan Mining Company Limited), a gold development company located in the Henan Province, with an estimated gold reserve and resources of not less than 2.5 tonnes. Consideration for the first stage acquisition of 60% of the equity interest in the company amounts to HK$18,600,000 which will be satisfied by HK$4,800,000 in cash and HK$13,800,000 by the issue of 43,125,000 shares of the Company. Consideration for the second stage acquisition of the remaining 40% equity interest in the company will vary in accordance with the gold reserve and resources as certified by a professional consultant. Details of the transaction were set out in the announcement of the Company dated 8 February 2010.

Upon completion of the framework agreements, the Group's total gold holding may further be increased to more than 60 tonnes for its China operations, an increase of 74.3%, and its strategic investment in Apex which has gold holding of more than 99.5 tonnes.

During the last quarter of the year, the Company entered into a memorandum of understanding on 14 January 2010 for a two-stage acquisition of 100% equity interest in 河南嘉盈礦業有限公司 (Henan Jiaying Mining Company Limited), a gold development company located in the Henan Province, with an estimated gold reserve and resources of not less than 2.2 tonnes. Consideration for the first stage acquisition of 60% of the equity interest in the company amounting to HK$12,960,000 will be satisfied by HK$4,050,000 in cash and HK$8,910,000 by the issue of 33,000,000 shares of the Company. Consideration for the second stage acquisition of the remaining 40% equity interest in the company will vary in accordance with the gold reserve and resources as certified by a professional consultant. Details of the transaction were set out in the announcement of the Company dated 14 January 2010.

Australia

During the year, the Group acquired an interest of approximately 7.84% in Apex, a gold mining and gold production company listed on the Australian Stock Exchange.

The Group acquired 260,000,000 units of rights (with options) to subscribe for new shares in Apex. Details of which were set out in the announcement of the Company dated 29 October 2009. The Group had exercised the rights in full and 260,000,000 new shares and 26,000,000 options in Apex were allotted and granted to the Group. As a result, the Group now is interested in approximately 7.84% of the total issued share capital of Apex as enlarged by the issue of the new shares of Apex in the rights issue only. The Group has also interested in an additional of 100,000,000 options in Apex.

Background of Apex

Apex is a company listed on the Australian Stock Exchange and engaged in mining and production of gold and exploration of mineral resources. After completion of the aforesaid rights issue, its four key shareholders are WWD Ruby Limited (Goldman Sachs), Baker Steel Capital Managers LLP, M&G UK Fund and T G Mining Asia Limited (a wholly-owned subsidiary of the Company).

According to its published information, Apex had gold reserve and resources of approximately 99.53 tonnes as at 8 October 2009.

The first gold pour of Apex occurred in December 2008 and commercial production was subsequently achieved in April 2009. Apex achieved gold pour of approximately 1.36 tonnes during a period of 7 months since its first gold pour in December 2008 up to its financial year ended 30 June 2009.

The gold projects of Apex (namely, Wiluna, Gidgee, Youanmi and Aphrodite) all located in Australia cover a total mining of 211 square kilometers with gold reserve and resources of approximately 99.53 tonnes.

CAPITAL RESTRUCTURING

The Company extends its appreciation to its convertible bond holders, shareholders and creditors for their support by converting the debts into equities. Convertible bonds with an aggregate principal amount of more than HK$744 million have been converted into shares of the Company so far, and certain minority and other shareholders as well as promissory note holders have also capitalized an aggregate amount of HK$182,820,000 owed by the Group to them into 2,049,428,571 shares of the Company. The Company will continue to proceed with its capital restructuring by encouraging the remaining holders of the convertible bonds to exercise the conversion rights attached to the convertible bonds. Following the completion of the aforesaid concluded transactions, the gearing ratio of the Group has been reduced to about 10% at the year end.

During the year, the Company completed 2 respective share placements of 660,000,000 new shares and 72,000,000 new shares in aggregate which raised net proceeds of approximately HK$64,710,000 and HK$4,970,000 respectively as general working capital of the Group.

During the year, the Company also completed another share placement of 355,003,200 new shares in aggregate at a price of HK$0.125 per share raising a net amount of approximately HK$44.2 million for the settlement of the consideration of the acquisition of 260,000,000 units of rights (with options) in respect of Apex and the amount payable upon exercise thereof. The Group has further increased its interest in Apex subsequently by acquiring an additional of 100,000,000 options in Apex.

Subsequent to the year ended 31 March 2010, the Company completed share placement of a total of 792,096,000 new shares, being the aggregate of the first tranche subscription shares and the second tranche subscription shares, pursuant to a subscription agreement which raised a net aggregate amount of approximately HK$79.8 million.

PC COMPONENT BUSINESS

The PC Component business continued to suffer from the keen price competition and slow-down in demand in its major markets. The Group believed that the disposal of this weakening business would provide an opportunity for the Company to streamline its business operations and focus on its gold business following the Company’s business strategy. The disposal was completed in the second half of the year. As a result, the Group has consummated its corporate restructuring and now become a focused gold producer.

FINANCIAL REVIEW

It is pleasing to report that the Group has shown significant resilience in its earnings for the past year.

For the year ended 31 March 2010, the Group recorded a total revenue of approximately HK$100.2 million (2009: HK$34.5 million), representing an 190.4% increase over the year of 2009. Net loss attributable to shareholders was reduced by 60.5% over the year of 2009 to approximately HK$36.5 million (2009: HK$92.5 million).

The EBITDA exclusive of exceptional items for the year also saw an impressive rebound from a loss of HK$6,868,000 in 2009 to a profit of HK$46,436,000.

Gold Mining Division

During the past year, this business division recorded a turnover of approximately HK$100.2 million with a gross profit of approximately HK$83.1 million and a segment profit of approximately HK$70.2 million. Compared to the turnover of approximately HK$34.5 million, gross profit of approximately HK$6.6 million and segment loss of approximately HK$10.3 million in 2009, this represented a remarkable improvement. The Group is confident that the improved earnings quality will continue into the forthcoming year.

PC Component Division

The PC Component business continued to suffer from the keen price competition and slow-down in demand in its major markets as the world was still recovering from the global financial turmoil. This business segment recorded a loss of approximately HK$7.4 million (2009: a loss of approximately HK$28.2 million), and was subsequently disposed of by the Group during the year at a gain of approximately HK$1.7 million.

STRATEGY

As compared to the prevailing market capitalization-to-resources ratios and price-to-book ratios of other listed gold mining companies, it is believed that those of the Group are highly competitive. The Group's strategy will continue to be focused on value creation to shareholders in terms of growth in ounces per share and returns on a per share basis.

With this focal point in mind, the Group's goal is to grow the Group to becoming a global senior mid-tier gold producer over a medium term, with presence in major gold producing regions in the world.

The Company aims to work towards this goal by advancing its regionalization strategy and growing organically by leveraging on its existing production footprints in China and Australia.

Exploration remains the most cost effective way in which to grow the Group's gold resources. Through the Group's exploration programs, new gold resources are discovered for not more than US$10 per ounce. The Company will endeavour to lay the foundation which will hopefully turn out to be significant success in the future. Mine exploration activities in and around existing operations and infrastructure should provide significant opportunities for creating value as costs are lower than they would be in a totally greenfield environment.

In near term, the Company will focus on consolidating the operational gains made so far and aim to achieve the following strategic objectives:

1. Step up exploration and development in and around existing operations.

2. Build momentum in its China gold projects by increasing production to not less than 1,000 tonnes of ore per day.

3. Achieve greater stability, predictability and consistency in the Group's quarterly production.

4. Further enhance the mining and treating technologies.

5. Further entrench the regionalization strategy by mergers and acquisitions in order to enlarge the Group's quality gold assets portfolio and to advance the Group's grow strategy.

The progress that the Company has made over the past few months is encouraging with the construction of a new gold production plant commenced in April 2010. The Company has now its strategy firmly in place and is well positioned to advance into the exciting new phase of growth.

THE GOLD MARKET

Considering the economic challenges around the world over times, it has been a stimulating time in the gold industry. Gold has showed its resilience by being a refuge for a financial community that has been constrained in almost every other investing sector.

Gold price rose for the ninth consecutive years in 2009 to end the year at US$1,087.5/oz, a 25% increase in price during 2009. On 8 June 2010, the gold price hit a fresh all-time high of US$1,246/oz. Investment flows, dollar-hedging, inflation protection, and central bank buying all played a role in propelling gold to successive new highs. Gold is now emerging, once again, as an asset class in many investment portfolios, which is the single most important underpin of the current gold price.

The global economic data continued to show signs of recovery during the first quarter of 2010 from one of the worst global recessions since the Great Depression. However, the pace of the recovery remains uncertain. Whilst some developing economies, like China, appear to be recovering at a healthy pace, their developed counterparts, in particular the United States and Europe which are burdened by high and rising public debt levels in the wake of the financial crisis, are still perilous on their path out of recession.

Looking forward to the remaining time of 2010, a growing number of investors are worried about price stability. The large sums of money supply that reached the market in 2008 are creating concerns that inflationary pressures loom. Investors who do not believe higher inflation will materialize may still worry about the currency volatility.

Therefore gold should continue to be a safe haven investment and gold price will continue to be supported because of its high attraction to investors as liquid, reliable asset that is both a source of stability and a store of value. There are evidences that global gold mining production will remain flat, with ageing mines in the traditional mining hubs, a dearth of major new gold discoveries in recent years and increasing lead times in bringing new projects on stream. In the last quarter of 2009, the central bank of India, Sri Lanka and Maturities announced off-market gold purchases from the International Monetary Fund. It is believed that central bank buying should continue in 2010, as they seek to diversify away from currency volatility. Furthermore, European central banks have not sold any gold in the first quarter of 2010. The central bank portfolio realignment will continue to dictate investors' outlooks, especially after the European zone crisis that began in second quarter in 2010. Rising wealth in populous countries, like China and India, also will continue to support the price of gold.

China, supported by its strong GDP growth, recorded a strong demand for gold in 2009 with an increase in total consumer demand of 9% over 2008 to 427.5 tonnes. China also saw a 18% increase in consumer demand for gold in the first quarter of 2010 compared to the same period last year, reaching a record high of 132 tonnes. Jewellery demand rose 11% to 105.2 tonnes with strong growth in the 24 carat market. Retail investment demand in China in the first quarter of 2010 reached a record level of 26.8 tonnes. This represented a rise of 57% above the level of the first quarter of 2009. As China's real GDP is expected to grow in excess of 9% in 2010 and the estimated real all-in cost of producing an ounce of gold being in the order of approximately US$700 to US$800 per ounce globally, there is reason to believe that demand in gold should continue to grow in 2010 and the gold price remains above that natural price floor level.

LOOKING FORWARD

Looking towards next year, the Group is well positioned to continue progressing its strategy, and in doing so, delivering on the targets and objectives that it has set for itself. The Group and its people will remain committed to becoming a global senior mid-tier gold producer in the foreseeable future.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our gratitude to our shareholders for their ongoing support and all of our management team as well as employees for their dedicated services. I also pay tribute to our Chairman and my fellow directors for the considerable effort and contribution made during the last twelve months.

Lee Sing Leung, Robin
Chief Executive Officer and Executive Director

Hong Kong, 15 June 2010

PRINCIPAL BUSINESS

The Group is principally engaged in gold exploration, mining and mineral processing in the People's Republic of China (the "PRC") (the "Gold Mining Division"). It also had a discontinued business in the design, manufacture and distribution of desktop personal computer display cards (the "PC Component Division") which was disposed of during the year.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2010, the Group's turnover (excluding the PC Component Division) was HK$100,213,000, representing a significant 190.4% increase on a year-on-year basis, which were mainly attributed to increase gold production from Taizhou Mining, strong gold prices, higher recovery rates and gold grading in the second half of this financial year.

Gross Profit

Gross profit for the year ended 31 March 2010 was HK$83,092,000 representing an increase of HK$76,469,000 as compared that of the prior year. Continuous favorable market conditions in the gold mining industry and improved profitability resulting from increased gold production and recovery from Taizhou Mining following the completion of upgrading production facilities during the year had begun to benefit the business performance of the Group's gold mining business.

Finance Costs

Conversion of the convertible bonds by bond holders, and capitalization of debts by promissory note holders during the year had benefited the Group with a substantial reduction in finance costs from HK$47,678,000 in the year of 2009 to HK$20,592,000 for the year ended 31 March 2010.

Net Loss Attributable To Equity Holders

Taking into account of: (i) the amortization of convertible bonds and interest on borrowings amounting to HK$20,592,000; (ii) the share-based payment expenses of HK$26,703,000 in relation to the grant of share options during the year; and (iii) the losses attributable to the discontinued PC Component Division, the Group has made a significant improvement in its financial results by reducing the net loss attributable to equity holders of the Company by 60.5% from HK$92,479,000 in 2009 to HK$36,529,000 for the year ended 31 March 2010.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2010, the Group had net current liabilities of approximately HK$82,792,000 (2009: net current liabilities of approximately HK$13,825,000) of which approximately HK$2,087,000 (2009: HK$9,966,000) was cash and bank balances while current portion of interest bearing borrowings was approximately HK$51,221,000 (2009: HK$28,111,000). As at 31 March 2010, the Group had total banking facilities of approximately HK$51,221,000 (2009: HK$28,111,000), all (2009: HK$28,111,000) of which had been utilized. The Group's banking facilities were secured on the mining right owned by the Group.

FOREIGN EXCHANGE EXPOSURE

Most of the operations and trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars ("HK dollars") and Renminbi ("RMB"). During the year ended 31 March 2010, the Group had an insignificant amount of exchange difference.

The Group adopted a conservative treasury policy, with most of the bank deposits being kept in HK dollars and RMB, to minimize exposure to foreign exchange risks. As at 31 March 2010, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

EMPLOYEE INFORMATION

The remuneration for the employees of the Group's continuing operations amounted to approximately HK$13,459,000 (2009: HK$12,935,000) including directors' emoluments of approximately HK$4,877,000 (2009: HK$6,358,000) for the year ended 31 March 2010.

As at 31 March 2010, the Group employed 135 (2009: 130) employees in the PRC and Hong Kong.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year, the Company completed the disposal of the entire issued share capital in Eagle Up Holdings Limited, a wholly owned subsidiary of the Company holding the Company's PC Component Division.

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

CAPITAL STRUCTURE

Issue of New Shares

For the year ended 31 March 2010, convertible bonds with an aggregate principal amount of more than HK$689 million have been converted into shares of the Company, and certain minority and other shareholders as well as promissory note holders have also agreed to capitalize an aggregate amount of HK$182,820,000 owed by the Group to them into 2,049,428,571 shares of the Company.

On 7 May 2009, a placing of total of 2,640,000,000 new shares of the Company (before Share Consolidation) at HK$0.025 per share was completed, raising net proceeds of HK$64,710,000.

On 28 October 2009, the Company completed share placements of 72,000,000 new shares of the Company in aggregate at a price of HK$0.07 per share which raised a net proceeds of approximately HK$4,970,000.

On 4 December 2009, the Company completed share placements of 355,003,200 new shares of the Company in aggregate at a price of HK$0.125 per share which raised a net aggregate amount of approximately HK$44.2 million for the settlement of the consideration of the acquisition of 260,000,000 units of rights (with options) in respect of Apex and the amount payable upon exercise thereof.

Subsequent to the year ended 31 March 2010, the Company entered into an agreement for the subscription of a total of 792,096,000 new shares, of which the first and the second tranche share subscriptions were completed on 30 April 2010 and 1 June 2010 respectively, at a price of HK$0.101 per share raising a net aggregate amount of approximately HK$79.8 million.

During the year, the Company had also granted the options to a subscriber for 125,000,000 option shares at the option price of HK$0.27 per option share in September 2009. The options shall be exercisable within the period commencing on the date of the grant of the options and ending on twenty-four months after the date of the grant of the options.

Share Capital

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

Resolution was also passed by the shareholders at an extraordinary general meeting on 30 September 2009 to increase authorized share capital of the Company from HK$20,000,000 divided into 5,000,000,000 shares to HK$60,000,000 divided into 15,000,000,000 shares. Details of the increase in the authorised share capital are set out in the Company's circular dated 14 September 2009.

GEARING RATIO

The Group's gearing ratio as at 31 March 2010 was decreased to 10.37% from 60.45% as at 31 March 2009, as most of the convertible bonds and the promissory notes were converted into shares of the Company or redeemed during the year. The gearing ratio was calculated as the Group's interest-bearing borrowings to the shareholders' equity as at the respective balance sheet dates.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2009 and 2010, the Group's mining rights were pledged as collaterals for the Group's banking facilities.

CONTINGENT LIABILITIES

The Group and the Company did not have any significant contingent liabilities as at 31 March 2010.

DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 31 March 2010 (2009: Nil).

SEGMENTAL INFORMATION

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

CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with the CG Code during the year ended 31 March 2010 with the deviation of code provision A.2.1 in respect of the separation of the roles of chairman and chief executive officer.

BOARD OF DIRECTORS

The directors of the Company (the "Directors") who held office during the year and up to the date of this report were:

Executive Directors:	
Lee Shing *(Chairman)*	(appointed on 17 July 2009)
Lee Sing Leung, Robin *(Chief Executive Officer)*	(redesignated as executive Director on 17 July 2009)
Kwok Tai Pan	(appointed on 17 July 2009)
Cheng Kam Chiu, Stewart	(resigned on 15 May 2009)
Cheng Ming Kit, Tommy	(resigned on 4 June 2009)
Wong Kin Yick, Kenneth	(resigned on 17 July 2009)
Zhao Baolong, Bill	(resigned on 17 July 2009)
Chan Hing Yin	(retired on 30 September 2009)
Independent Non-Executive Directors:	
Orr Joseph Wai Shing	
Jiao Zhi	
Dr. Cheung Wai Bun, Charles *J.P.*	(appointed on 17 July 2009)
Deng Xiang Xiong	(resigned on 17 July 2009)

There is no relationship (including financial, business, family or other material/relevant relationship) among members of the Board.

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

During the year ended 31 March 2010, four regular board meetings were held and individual attendance of the Directors are set out as follows:

Name of Director	Attended/Eligible to attend
Lee Shing	3/3
Lee Sing Leung, Robin	4/4
Kwok Tai Pan	3/3
Orr Joseph Wai Shing	4/4
Jiao Zhi	3/4
Dr. Cheung Wai Bun, Charles *J.P.*	3/3
Cheng Kam Chiu, Stewart	0/0
Cheng Ming Kit, Tommy	0/0
Wong Kin Yick, Kenneth	1/1
Zhao Baolong, Bill	1/1
Deng Xiang Xiong	1/1
Chan Hing Yin	2/2

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Prior to 30 September 2009, the Group did not have an officer with the title of "Chief Executive Officer" ("CEO") and the role and responsibilities of CEO were shared by the executive Directors during the year. Mr. Chan Hing Yin ("Mr. Chan"), the then chairman of the Board was also the director of the Company's subsidiaries of the discontinued PC Component Division and was in charge of the overall management, strategic planning and development, formulation of policies and internal controls of the division. This constituted a deviation of the code provision A.2.1.

Subsequently, in view of the ongoing development of the gold mining operation of the Group and to cope with the reorganization of the management structure of the Group, the Board appointed Mr. Lee Sing Leung, Robin as the CEO and Mr. Lee Shing as the Chairman of the Board following the retirement of Mr. Chan on 30 September 2009. This arrangement is compliant with the code provision A.2.1. The Board considered that this arrangement is more suitable for the Company and this can promote efficient formulation and implementation of the Company's strategies.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

REMUNERATION COMMITTEE

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

During the year ended 31 March 2010, the Remuneration Committee held four meetings and individual attendance of the members of the Remuneration Committee are set out as follows:

Name of Member	**Attended/Eligible to attend**
Dr. Cheung Wai Bun, Charles *J.P.*	3/3
Orr Joseph Wai Shing	4/4
Jiao Zhi	3/4
Lee Sing Leung, Robin	3/3
Chan Hing Yin	2/3
Deng Xiang Xiong	1/1

During the year, the Committee has reviewed the remuneration of the Directors and made recommendations to the Board on the structure of the remunerations of the Directors and authorised the Board to grant share options to the Directors, employees and suppliers of services of the Group in accordance with the rules of the share options scheme of the Company.

NOMINATION OF DIRECTORS

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

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

During the year ended 31 March 2010, the Board held one meeting in which, the Board had considered and appointed certain individuals as Directors to fill a casual vacancy on the Board. The attendance of such Board meeting is as follows:

Name of Director	Attended/Eligible to attend
Lee Shing	0/0
Lee Sing Leung, Robin	1/1
Kwok Tai Pan	0/0
Orr Joseph Wai Shing	1/1
Jiao Zhi	0/1
Dr. Cheung Wai Bun, Charles *J.P.*	0/0
Cheng Kam Chiu, Stewart	0/0
Cheng Ming Kit, Tommy	0/0
Wong Kin Yick, Kenneth	0/0
Zhao Baolong, Bill	0/0
Deng Xiang Xiong	0/0
Chan Hing Yin	1/1

INDEPENDENT AUDITORS' REMUNERATION

During the year ended 31 March 2010, remuneration paid or payable to the Company's external auditors for audit and non-audit services provided to the Group is set out as follows:

	HK$'000
Audit services	1,337
Non-audit services	
– Tax services	20
– Others	60
	1,417

AUDIT COMMITTEE

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

During the year ended 31 March 2010, the Audit Committee held four meetings and performed duties including reviewing the Group's quarterly, interim and annual results and system of internal control, and its other duties set out in the CG Code.

The Group's consolidated financial statements for the year ended 31 March 2010 have been reviewed by the Audit Committee. The Audit Committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and appropriate disclosures have been fully made.

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

Name of Member	Attended/Eligible to attend
Orr Joseph Wai Shing	4/4
Jiao Zhi	3/4
Dr. Cheung Wai Bun, Charles *J.P.*	3/3
Deng Xiang Xiong	1/1

RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group. A statement by the Company's independent auditor about its reporting responsibilities in the independent auditor's report on the Group's consolidated financial statements is set out on pages 31 to 32.

INTERNAL CONTROLS

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding the Directors' securities transactions throughout the year ended 31 March 2010.

The Board is pleased to submit its report together with the audited consolidated financial statements of the Group for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year was investment holding and those of its subsidiaries are set out in note 20 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2010 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 33 to 36.

The Directors did not recommend the payment of a final dividend for the year ended 31 March 2010 (31 March 2009: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 15 to the financial statements.

SHARE CAPITAL

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

RESERVES

Details of movements in reserves of the Company and the Group during the year are set out in note 33 to the financial statements and in the consolidated statement of comprehensive income and consolidated statement of changes in equity on page 34 and page 37.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2010 amounted to HK$1,426,184,000 (2009: HK$742,164,000). Under Section 34 of the Companies Law (Revised) of the Cayman Islands, the reserves are available for distribution to shareholders subject to the provisions of the articles of association of the Company and no distribution shall be made to shareholders of the Company out of the reserves unless the Company shall be able to pay its debts as they fall due in the ordinary course of business of the Group.

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 106.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 83.86% of the total revenue and sales to the largest customer included therein accounted for approximately 27.73% of the Group's total revenue. Purchases from the Group's five largest suppliers accounted for approximately 69.74% of the total purchases for the year and purchases from the largest supplier included therein accounted for approximately 33.34%.

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

PRE-EMPTIVE RIGHTS

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

EMOLUMENT POLICY

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

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

The Company has adopted a share option scheme as an incentive to the Directors and eligible employees. Details of the scheme are set out in note 32(ii) to the financial statements.

DIRECTORS

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

Executive Directors:	
Lee Shing *(Chairman)*	(appointed on 17 July 2009)
Lee Sing Leung, Robin *(Chief Executive Officer)*	(redesignated as executive Director on 17 July 2009)
Kwok Tai Pan	(appointed on 17 July 2009)
Cheng Kam Chiu, Stewart	(resigned on 15 May 2009)
Cheng Ming Kit, Tommy	(resigned on 4 June 2009)
Wong Kin Yick, Kenneth	(resigned on 17 July 2009)
Zhao Baolong, Bill	(resigned on 17 July 2009)
Chan Hing Yin	(retired on 30 September 2009)

Independent Non-Executive Directors:
Orr Joseph Wai Shing
Jiao Zhi
Dr. Cheung Wai Bun, Charles *J.P.* (appointed on 17 July 2009)
Deng Xiang Xiong (resigned on 17 July 2009)

In accordance with Article 87 of the Company's articles of association, Lee Sing Leung, Robin and Dr. Cheung Wai Bun, Charles *J.P.* shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. All other directors of the Company continue in office.

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

DIRECTORS' BIOGRAPHIES

Executive Directors

Mr. Lee Shing, aged 52, is the Chairman of the Group. Mr. Lee has extensive experiences in the trading and manufacturing businesses in Hong Kong and the PRC. He is currently a member of the Committee of The Chinese People's Political Consultative Conference of Liuzhou, Guangxi Province, the PRC. Mr. Lee is the sole shareholder and sole director of Yong Li Investments Limited, a substantial shareholder of the Company. Mr. Lee is also the vice-chairman, chief executive officer and an executive director of Dragon Hill Wuling Automobile Holdings Limited, a company listed on the Main Board of the Stock Exchange.

Mr. Lee Sing Leung, Robin, aged 58, is the chief executive officer of the Group, Mr. Lee has more than 27 years of extensive experiences in financial and mergers and acquisitions advisory, banking and financing in Hong Kong, the PRC and South Africa. He holds a diploma in accounting from the University of Hong Kong Polytechnic, a Master of Business Administration degree from the University of East Asia, Macau, and a Diploma of Management from the University of Witwatersrand in South Africa. He is a Fellow Member of the Hong Kong Institute of Directors. He is currently a non-executive director of Apex Minerals NL, an Australian listed gold production company and the Chairman of SSC Mandarin Financial Services Limited, a licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.

Mr. Robin Lee is currently a director of certain subsidiaries of the Company, namely, SSC Mandarin Mining Investment Limited, T G Mining Asia Limited, SSC Sino Gold Mining Investment Company Limited ("SSC Sino Gold") and Tongguan Taizhou Mining Company Limited ("Taizhou Mining"). He is also the chairman and legal representative of SSC Sino Gold and Taizhou Mining.

Ms. Kwok Tai Pan, aged 42, has extensive experiences in corporate management specializing in strategic planning and project management. Ms. Kwok was graduated from a post-secondary college in the PRC. Prior to her joining to the Company, Ms. Kwok served as an senior executive in several enterprises in the PRC engaging in various business aspects ranging from trading, manufacturing and information technology.

Independent Non-Executive Directors

Mr. Orr Joseph Wai Shing, aged 50, worked for multinational companies including Time Warner and Hyatt International as well as professional firms Baker & McKenzie, EDAW Asia and KPMG in the past years. He is a Certified Public Accountant in Washington, the United States of America (the "USA") and a member of the Hong Kong Institute of Certified Public Accountants, American Institute of Certified Public Accountants and CPA Australia.

He received a MBA from Kellogg School of Management, Northwestern University and the Hong Kong University of Science and Technology, a Master of Arts Degree in International Business and International Financial Management from the University of Reading and a Bachelor of Arts (Hons) degree in Accounting and Finance from Middlesex University and a Diploma in Business and Finance in the PRC from Tsinghua University as well as a Professional Diploma in Accounting and Auditing in China from Zhongshan University. Mr. Orr is the Principal of Corporate Finance and Investment of Crowe Horwath Shenzhen and also the independent non-executive director of Best Miracle International Limited, a company listed on the GEM Board of the Stock Exchange (Stock Code: 8272). Mr. Orr was the independent non-executive director of Artfield Group Limited, (Stock Code: 1229) and China Bio-Med Regeneration Technology Limited (Stock Code: 8158), companies listed on the Stock Exchange.

Mr. Jiao Zhi, aged 74, has more than 50 years of extensive experience in mining industry. Mr. Jiao was graduated from the mining division of Non-ferrous Metals Industrial College in Changsha, the PRC in 1954. In September 1956, Mr. Jiao was sent to the former Soviet Union for internship by the government of the PRC. On his return in 1958, Mr. Jiao worked in the mining division of Silver Non-ferrous Metals Company in Gansu, the PRC. In 1975, Mr. Jiao was transferred to the Beijing Industrial Metallurgy Department（北京冶金工業部）and held various positions such as vice director general, director general, deputy director and senior engineer of the mining division. Since December 1987, Mr. Jiao had served as deputy director general in the Gold Bureau of the Metallurgy Department of the PRC（中國冶金部黃金局）and deputy manager of the China Gold Company（中國黃金總公司）. From August 1988 onward, he served as the deputy director general of the Gold Bureau of the PRC（中國國家黃金局）, member of the Gold Leading Working Group of the State Council of the PRC（中國國務院黃金工作領導小組）and the Committee of the National Mineral Reserve（全國礦產儲量委員會）. He had worked as the director general of the Gold Bureau of the Metallurgy Department of the PRC（中國冶金部黃金局）since 1993 and also acted as the chairman of the China Gold Company（中國黃金總公司）since 1996. He was retired in August 1997.

Dr. Cheung Wai Bun, Charles, *J.P.*, aged 74, he is presently chairman of Joy Harvest International Limited, Hong Kong, director and vice chairman of the executive committee of Metropolitan Bank (China) Ltd., senior advisor to the Metropolitan Bank & Trust Company, Philippines and an independent non-executive director and chairman of the respective audit committees of Shanghai Electric Group Company Limited, Pioneer Global Group Limited and Sunshine Capital Investments Group Limited (formerly known as Prime Investments Holdings Limited), the latter three are companies listed on the Main Board of the Stock Exchange. In addition, Dr. Cheung is an independent non-executive director and director of audit committee of Zhuhai City Commercial Bank Limited. He is also a council member of the Hong Kong Institute of Directors.

Dr. Cheung has held senior management positions in various companies of different industries and possesses extensive banking and commercial experiences. He was formerly group chief executive and executive deputy chairman of Mission Hills Group, Hong Kong, and a former director and advisor of the Tung Wah Group. Dr. Cheung holds an honorary doctor's degree from John Dewey University of USA and a master degree in business administration and a bachelor of science degree in accounts and finance from New York University. He was awarded Listed Company Non-Executive Director Award at the Directors of the Years Awards 2002.

DIRECTORS' SERVICE CONTRACTS

Ms. Kwok Tai Pan has entered into a service contract with the Company and such service contract will continue unless and until terminated by either party by given not less than one month's written notice to the other. Ms. Kwok is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

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

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

Dr. Cheung Wai Bun, Charles *J.P.* has entered into a service contract with the Company for a term of two years commencing from 17 July 2009 which can be terminated by either party by given not less than one month's written notice to the other. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

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

Save as disclosed above, no other Directors have service contracts with the Company.

PUBLIC FLOAT

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

DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed in notes 11(a), 32(ii) and 35 to the financial statements, no contracts of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTINUING CONNECTED TRANSACTION

Details of the continuing connected transactions under the GEM Listing Rules during the year are set out in notes 11(a), 32(ii) and 35 to the financial statements. In accordance with the criteria set out in Rule 20.33 of the GEM Listing Rules, it is exempted from the reporting, announcement and independent shareholders' approval requirements of Chapter 20 of the GEM Listing Rules.

REMUNERATION OF DIRECTORS AND THE HIGHEST PAID EMPLOYEES

Details of the remuneration of the Directors and the highest paid employees of the Group are set out in notes 11(a) and 11(b) to the financial statements respectively.

PENSION SCHEME

Particulars of the Group's pension schemes are set out in note 32(i) to the financial statements.

SHARE OPTION SCHEME

At an extraordinary general meeting of the shareholders of the Company held on 4 March 2009, the original share option scheme (the "Original Share Option Scheme") was terminated and a new share option scheme (the "New Share Option Scheme") was adopted. Principal terms of the Original Share Option Scheme were summarised in the paragraph headed "Share Option Scheme" in Appendix 5 to the prospectus issued by the Company on 14 September 2004 whereas the principal terms of the New Share Option Scheme were summarised in the circular of the Company dated 16 February 2009. During the year, the Company granted share options ("Share Options") to certain directors, employees and suppliers of services of the Group to subscribe for a total of 206.3 million ordinary shares of HK$0.004 each in the capital of the Company (the "Shares"), under the New Share Option Scheme of the Company. Details of Share Options granted are set out as follows:

			Number of Share Options						
Directors	Date of grant	Exercise period	Outstanding as at 1 April 2009	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Outstanding as at 31 March 2010	Exercise price (HK$)	Closing price of Shares immediately before the date of grant (HK$)
Lee Shing	19/11/2009	1/6/2010 – 18/11/2019	–	27,000,000	–	–	27,000,000	0.15	0.144
Lee Sing Leung, Robin	19/11/2009	1/6/2010 – 18/11/2019	–	27,000,000	–	–	27,000,000	0.15	0.144
Kwok Tai Pan	19/11/2009	1/6/2010 – 18/11/2019	–	27,000,000	–	–	27,000,000	0.15	0.144
Orr Joseph Wai Shing	19/11/2009	1/6/2010 – 18/11/2019	–	3,100,000	–	–	3,100,000	0.15	0.144
Jiao Zhi	19/11/2009	1/6/2010 – 18/11/2019	–	3,100,000	–	–	3,100,000	0.15	0.144
Dr. Cheung Wai Bun, Charles *J.P.*	19/11/2009	1/6/2010 – 18/11/2019	–	3,100,000	–	–	3,100,000	0.15	0.144
Sub-total			–	90,300,000	–	–	90,300,000		
Other employees in aggregate	19/11/2009	1/6/2010 – 18/11/2019	–	89,000,000	–	–	89,000,000	0.15	0.144
Other participants in aggregate	19/11/2009	1/6/2010 – 18/11/2019	–	27,000,000	–	–	27,000,000	0.15	0.144
			–	206,300,000	–	–	206,300,000		

The grant of Share Options to each of the above Directors has been approved by the independent non-executive Directors.

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

As at 31 March 2010, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares pursuant to the convertible bonds due 2013 and the New Share Option Scheme ("Underlying Shares") and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were recorded in the register required to be kept under section 352 of the SFO, or which is otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in Shares and Underlying Shares of the Company

Name	Capacity	Number and class of securities: Shares	Number and class of securities: Underlying Shares	Approximate % of the issued share capital of the Company
Lee Shing	Interest in a controlled corporation	1,472,400,000 *(Note 1)*	–	13.38%
	Personal interest	–	27,000,000 *(Note 2)*	
Lee Sing Leung, Robin ("Mr. Robin Lee")	Personal interest	555,591,455	124,376,000 *(Note 3)*	6.07%
Kwok Tai Pan	Personal interest	–	27,000,000 *(Note 2)*	0.24%
Orr Joseph Wai Sing	Personal interest	–	3,100,000 *(Note 2)*	0.03%
Jiao Zhi	Personal interest	–	3,100,000 *(Note 2)*	0.03%
Dr. Cheung Wai Bun, Charles *J.P.*	Personal interest	–	3,100,000 *(Note 2)*	0.03%

Notes:

1. These Shares are held by Yong Li Investments Limited which is wholly and beneficially owned by Mr. Lee Shing, an executive Director and Chairman of the Company.

2. The long position in the Underlying Shares mentioned above represent the Shares to be issued and allotted upon the exercise in full of the Share Options granted by the Company to the above Directors pursuant to the New Share Option Scheme.

3. The Underlying Shares were derived from interest of the convertible bonds due 2013 in the principal amount of HK$6,816,320 owned by Mr. Robin Lee and the 27,000,000 Share Options granted to him pursuant to the New Share Option Scheme.

Save as disclosed above, as at 31 March 2010, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, Underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' AND EMPLOYEES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the Share Options that were granted under the New Share Option Scheme, none of the Directors or employees of the Group or their respective associates were granted by the Company or its subsidiaries the rights to acquire shares or debentures of the Company or any other body corporate, or had exercised any such rights as at 31 March 2010.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

So far as is known to any Director or chief executives of the Company, as at 31 March 2010, the following persons (other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above) had an interest or short position in the Shares or Underlying Shares which were recorded in the register required to be kept under Section 336 of the SFO:

Long positions in Shares and Underlying Shares of the Company

Name	Capacity	Number and class of securities: Shares	Number and class of securities: Underlying Shares	Approximate % of the issued share capital of the Company
Ma Qian Zhou ("Mr. Ma")	Beneficial owner	1,234,776,571 *(Note 1)*	–	11.02%
Baker Steel Capital Managers LLP ("Baker Steel")	Interest in controlled corporations	714,547,200 *(Note 2)*	–	6.38%

Notes:

1. Mr. Ma is a shareholder, director and the general manager of Tongguan Taizhou Mining Company Limited, an indirect non-wholly owned subsidiary of the Company. Of these Shares, 169,348,000 Shares are held by Ms. Zhao Yuebing, the spouse of Mr. Ma, and therefore Mr. Ma is deemed to have interests in these Shares.

2. These Shares were held by five funds managed by Baker Steel, namely Genus Natural Resources Master Fund, Genus Dynamic Gold Fund, Ruffer Baker Steel Gold Fund, RIT Capital Partners Baker Steel and Baker Steel Gold Fund.

Save as disclosed above, as at 31 March 2010, the Company had not been notified of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or Underlying Shares which were required to be kept under Section 336 of the SFO.

COMPETING INTEREST

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

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year ended 31 March 2010. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31 March 2010.

INDEPENDENT AUDITOR

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

On behalf of the Board

LEE SHING
Chairman

Hong Kong
15 June 2010

暉誼(香港)會計師事務所有限公司

PARKER RANDALL CF (H.K.) CPA LIMITED

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

We have audited the consolidated financial statements of Grand T G Gold Holdings Limited set out on pages 33 to 105, which comprise the consolidated and Company statement of financial position as at 31 March 2010, and the consolidated income statement, the consolidated statements of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Group as at 31 March 2010 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Parker Randall CF (H.K.) CPA Limited
Certified Public Accountants
Seto Man Fai
Practising Certificate Number: P05229
Hong Kong

15 June 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Continuing operations:			
Revenue	*6*	**100,213**	34,512
Cost of sales		**(17,121)**	(27,889)
Gross profit		**83,092**	6,623
Other income	*6*	**1,086**	747
Gain on disposal of subsidiaries		**1,674**	–
Selling and distribution expenses		**(261)**	(107)
Administrative expenses		**(37,882)**	(26,603)
Share-based payment expenses	*32(ii)*	**(26,703)**	–
Operating profit/(loss)		**21,006**	(19,340)
Finance costs	*7*	**(20,592)**	(47,678)
Profit/(loss) before tax	*8*	**414**	(67,018)
Income tax expense	*9*	**(16,283)**	–
Loss after tax from continuing operations		**(15,869)**	(67,018)
Discontinued operation:			
Loss for the year from discontinued operation		**(7,353)**	(28,185)
Loss for the year		**(23,222)**	(95,203)
Loss for the year attributable to:			
Equity holders of the Company	*12*	**(36,529)**	(92,479)
Minority interests		**13,307**	(2,724)
		(23,222)	(95,203)
		HK Cents	HK Cents
Loss per share attributable to the equity holders of the Company for the year	*14*		
From continuing and discontinued operations			
Basic		**(0.80)**	(5.65)
Diluted		**(0.23)**	(1.99)
From continuing operations			
Basic		**(0.64)**	(3.93)
Diluted		**(0.17)**	(0.88)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	Note	**2010** **HK$'000**	2009 HK$'000
Loss for the year		**(23,222)**	(95,203)
Other comprehensive income for the year:			
Exchange differences arising from translation of financial statements of overseas subsidiaries		**781**	562
Total comprehensive loss for the year		**(22,441)**	(94,641)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(35,748)**	(91,917)
Minority interests		**13,307**	(2,724)
		(22,441)	(94,641)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**4,112**	28,117
Prepaid land lease premium	16	**–**	1,583
Club membership	19	**–**	135
Trade receivable	22	**–**	7,606
Available-for-sale financial assets	17	**85,138**	–
Exploration and evaluation assets	18	**229,429**	103,213
Goodwill	18	**1,408,028**	1,408,028
Deferred tax assets	28	**4,226**	71
		1,730,933	1,548,753
CURRENT ASSETS			
Prepaid land lease premium	16	**–**	37
Prepayments for exploration and evaluation assets and mining rights		**48,878**	48,478
Inventories	21	**691**	7,651
Construction in progress	15	**241**	–
Trade and other receivables	22	**9,130**	14,640
Cash and cash equivalents	23	**2,087**	9,966
		61,027	80,772
CURRENT LIABILITIES			
Trade and other payables	24	**32,215**	26,431
Promissory notes	30	**15,000**	–
Amount due to directors	27	**18,633**	33,843
Tax payables		**26,750**	6,212
Interest-bearing borrowings	26	**51,221**	28,111
		143,819	94,597
NET CURRENT LIABILITIES		**(82,792)**	(13,825)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,648,141**	1,534,928
NON-CURRENT LIABILITIES			
Convertible bonds	29	**94,843**	400,995
Promissory notes	30	**–**	138,240
Amount due to a minority shareholder of a subsidiary	25	**–**	56,238
Deferred tax liabilities	28	**–**	903
		94,843	596,376
NET ASSETS		**1,553,298**	938,552
CAPITAL AND RESERVES			
Share capital	31	**44,819**	8,270
Reserves	33	**1,492,823**	927,933
Equity attributable to equity holders of the Company		**1,537,642**	936,203
Minority interests		**15,656**	2,349
TOTAL EQUITY		**1,553,298**	938,552

LEE SHING
Executive Director

LEE SING LEUNG, ROBIN
Executive Director

STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	20	**1,663,173**	1,467,290
Deferred tax assets		**1,532**	–
		1,664,705	1,467,290
CURRENT ASSETS			
Deposits and prepayments		**1,178**	325
Cash and cash equivalents		**–**	11
		1,178	336
CURRENT LIABILITIES			
Amount due to a director		**12,395**	–
Promissory notes		**15,000**	–
Other payables and accruals		**8,245**	5,233
		35,640	5,233
NET CURRENT LIABILITIES		**(34,462)**	(4,897)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,630,243**	1,462,393
NON-CURRENT LIABILITIES			
Convertible bonds	29	**94,843**	400,995
Promissory notes	30	**–**	138,240
		94,843	539,235
NET ASSETS		**1,535,400**	923,158
CAPITAL AND RESERVES			
Share capital	31	**44,819**	8,270
Reserves	33	**1,490,581**	914,888
TOTAL EQUITY		**1,535,400**	923,158

LEE SHING
Executive Director

LEE SING LEUNG, ROBIN
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Attributable to equity holders of the Company												
	Issued share capital	Share premium	Foreign currency translation reserve	Share option reserve	Capital reserve	Revaluation reserve	Statutory surplus reserve	Statutory welfare fund	Statutory general reserve	Retained profits/ (Accumulated losses)	Total	Minority interests	Total Equity
	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
At 1 April 2008	3,871	98,045	2,147	–	13,463	10,480	325	162	485	26,686	155,664	–	155,664
Acquisition of interest in subsidiary	–	–	–	–	–	–	–	–	–	–	–	5,073	5,073
Issue of convertible bonds	–	–	–	–	259,200	–	–	–	–	–	259,200	–	259,200
Issue of shares	2,605	425,188	–	–	–	–	–	–	–	–	427,793	–	427,793
Issue of shares upon conversion of convertible bonds	1,794	272,871	–	–	(86,476)	–	–	–	–	–	188,189	–	188,189
Deficit arising from revaluation of land and building	–	–	–	–	–	(3,315)	–	–	–	–	(3,315)	–	(3,315)
Deferred tax credit arising from revaluation of land and buildings	–	–	–	–	–	589	–	–	–	–	589	–	589
Realised upon depreciation based on revalued amount of land and building	–	–	–	–	–	(100)	–	–	–	100	–	–	–
Transaction with owner	4,399	698,059	–	–	172,724	(2,826)	–	–	–	100	872,456	5,073	877,529
Net loss for the year	–	–	–	–	–	–	–	–	–	(92,479)	(92,479)	(2,724)	(95,203)
Other comprehensive income: Exchange differences arising form translation of financial statement of overseas subsidiaries	–	–	419	–	–	143	–	–	–	–	562	–	562
Total comprehensive loss for the year	–	–	419	–	–	143	–	–	–	(92,479)	(91,917)	(2,724)	(94,641)
At 1 April 2009	8,270	796,104	2,566	–	186,187	7,797	325	162	485	(65,693)	936,203	2,349	938,552
Issue of shares upon placing and capitalization of shareholders' loan	12,545	284,474	–	–	–	–	–	–	–	–	297,019	–	297,019
Issue of shares upon conversion of convertible bonds	24,004	424,490	–	–	(135,029)	–	–	–	–	–	313,465	–	313,465
Recognition of equity settled share based payments	–	–	–	26,703	–	–	–	–	–	–	26,703	–	26,703
Transfer to retained profit	–	(3,000)	(2,435)	–	(13,462)	(7,797)	(325)	(162)	(485)	27,666	–	–	–
Transaction with owner	36,549	705,964	(2,435)	26,703	(148,491)	(7,797)	(325)	(162)	(485)	27,666	637,187	–	637,187
Net loss for the year	–	–	–	–	–	–	–	–	–	(36,529)	(36,529)	13,307	(23,222)
Other comprehensive income: Exchange differences arising form translation of financial statement of overseas subsidiaries	–	–	781	–	–	–	–	–	–	–	781	–	781
Total comprehensive loss for the year	–	–	781	–	–	–	–	–	–	(36,529)	(35,748)	13,307	(22,441)
At 31 March 2010	44,819	1,502,068	912	26,703	37,696	–	–	–	–	(74,556)	1,537,642	15,656	1,553,298

CONSOLIDATED CASH FLOW STATEMENT

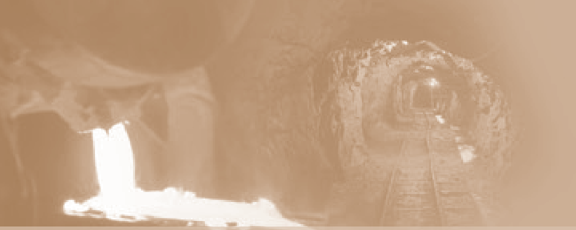
For the year ended 31 March 2010

	2010 **HK$'000**	2009 HK$'000
CASH FLOW FROM OPERATING ACTIVITIES OF CONTINUING AND DISCONTINUED OPERATIONS		
Profit/loss before tax		
Continuing operations	**414**	(67,018)
Discontinued operation	**(7,353)**	(27,775)
Adjustments for:		
Interest element of finance leases paid	**–**	2
Amortisation of land lease premium	**–**	36
Amortisation of intangible assets	**–**	11,590
Amortisation of convertible bonds	**(7,330)**	41,985
Depreciation	**4,029**	4,992
Interest income	**(1)**	(68)
Interest on promissory notes	**2,833**	2,869
Share-based payment expenses	**26,703**	–
Interest on bank loans and overdrafts paid	**10,430**	2,824
Impairment losses recognised on trade and other receivable	**–**	10,936
Gain on disposal of property, plant and equipment	**–**	(10)
Gain on disposal of subsidiaries	**(1,674)**	–
Operating profit/(loss) before working capital changes	**28,051**	(19,637)
Decrease in inventories	**1,997**	9,804
Increase in prepayments for exploration and evaluation assets and mining rights	**(400)**	(48,478)
Decrease in trade and other receivables	**2,147**	8,589
Increase in trade and other payables	**11,319**	11,794
Decrease in deposit and prepayments	**(8,750)**	–
Cash generated from/(used in) operations	**34,364**	(37,928)
Oversea taxation paid	**–**	(95)
Net cash generated from/(used in) operating activities	**34,364**	(38,023)
CASH FLOW FROM INVESTING ACTIVITIES		
Decrease in deposit paid for acquisition of subsidiaries	**–**	66,036
Purchases of property, plant and equipment	**(660)**	(1,014)
Disposal of property, plant and equipment	**461**	–
Acquisition of exploration and evaluation assets	**(126,216)**	(114,804)
Acquisition of subsidiaries	**–**	(1,408,293)
Payment of acquisition of club membership	**–**	(135)
Proceeds from disposal of Property, plant and equipment	**(241)**	39
Acquisition of minority interests	**–**	5,073
Interest received	**1**	68
Investment in subsidiary	**(85,138)**	–
Net cash inflow arising from disposal of subsidiaries	**17,695**	–
Decrease in prepaid land lease premium	**25**	–
Net cash used in investing activities	**(194,073)**	(1,453,030)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares	**114,200**	427,793
(Decrease)/increase in convertible bonds	**(298,823)**	806,400
(Decrease)/increase in promissory notes	**(123,240)**	138,240
Interest on promissory notes	**(2,833)**	(2,869)
New bank loan raised	**–**	38,540
Bank loans repaid	**–**	(10,428)
Interest on bank loans and overdraft	**(10,430)**	(2,824)
Repayment of capital element of finance leases	**–**	(61)
(Decrease)/increase in amount due to a director	**(15,211)**	33,844
(Decrease)/increase in amount due to a minority shareholder of a subsidiary	**(32,362)**	56,238
Issue of shares upon conversion of convertible bond	**313,465**	–
Interest element of finance leases	**–**	(2)
Increase in capitalisation of shareholder's loans	**182,820**	–
Increase in bank loans	**23,459**	–
Net cash generated from financing activities	**151,045**	1,484,871
NET/INCREASE IN CASH AND CASH EQUIVALENTS	**(8,664)**	(6,182)
Cash and cash equivalents at 1 April	**9,966**	19,961
Effect of foreign exchange rate changes, net	**785**	(3,813)
CASH AND CASH EQUIVALENTS AT 31 MARCH	**2,087**	9,966
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances of continuing operations, cash and bank balances included in assets held for sales	**2,087**	9,966



1. CORPORATE INFORMATION

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

In 2009, the Group disposed of the following subsidiaries.

In 2009, the business of design, manufacture and distribution of desktop personal computer display cards (the "PC Component Division") was carried out by its direct wholly-owned subsidiary, namely Eagle Up Holdings Limited ("Eagle Up") and indirect wholly-owned subsidiaries, Espco Technology Limited ("Espco Technology"), 易盈電腦(深圳)有限公司("Espco Shenzhen"), Espco Computer(s) Pte Limited ("Espco Singapore"), SPI Distribution Macao Commercial Offshore Limited ("Espco Macau"), Finnikon Investments Limited ("Finnikon") and Espco Industrial Limited ("Espco Industrial") (collectively "Eagle Up Group"). As the PC Component Division continued to suffer from the keen price competition and slow-down in demand, the Group entered into a sale and purchase agreement to dispose of the Eagle Up Group and the transaction was completed on 29 January 2010.

Details of the disposal of the subsidiaries are set out in note 10 to the financial statements.

Other than the disposal as described above, there were no significant changes in the Group's operations during the year. The principal places of the business are in PRC and Hong Kong. The principal activity of the Company is investment holding. Its subsidiaries (together with the Company collectively referred to as the "Group" hereinafter) are principally engaged in gold exploration, mining and mineral processing. Details of the activities of its principal subsidiaries are set out in note 20 to the consolidated financial statements.

The financial statements are presented in Hong Kong dollars ("HK$"), and the functional currency of the Company is Renminbi ("RMB"), with values rounded to the nearest thousand.

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

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

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowings costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate

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

HKFRS 2 (Amendments)	Vesting conditions and cancellations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 & 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 on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised) Presentation of Financial Statements

As a result of the adoption of HKAS 1 (Revised), details of changes in equity during the periods 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 expenses 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 expenses or net assets for any period presented.

HKFRS 8 Operating Segments

HKFRS 8, which will replace HKAS 14 "Segment Reporting", specifies how an entity should report information about its operating segment, based on information about the components of the entity that is available to the chief operating decision maker for the purpose of allocation resources to the segments and assessing their performance. The standard also required the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. HKFRS 8 had not resulted in redesignation of the Group's reportable segments.

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

The Group has not early applied the following new or revised Standards, Amendments and Interpretations that 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]
HKFRSs (Amendments)	Improvements to HKFRSs 2010 [8]
HKAS 24 (Revised)	Related party disclosures [6]
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 [5]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters [5]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions [3]
HKFRS 3 (Revised)	Business combinations [1]
HKFRS 9	Financial instruments [7]
HK(IFRIC)-INT 14 (Amendments)	Prepayments of a minimum funding requirement [6]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners [1]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments [5]

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from it's activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Inter-company transactions, balances and unrealised profits on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting polices of subsidiaries have been charged when necessary to ensure consistency with the policies adopted by the Group.

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

(a) Basis of consolidation *(Continued)*

Minority interests represent the interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between minority and shareholders of the Company. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the interests of the Group until the minority's share of losses previously absorbed by the Group has been recovered.

(b) Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In consolidated financial statements, acquisition of subsidiaries (other than those under common control) is accounted for by applying the purchase method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

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

(c) Goodwill

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

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated statement of financial position.

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

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

(d) Revenue recognition

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

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

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

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

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

(e) Property, plant and equipment

Land and building

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

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

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

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

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

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

Depreciation of leasehold land and buildings in Hong Kong

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

Depreciation of buildings in the PRC, excluding Hong Kong

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

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

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

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

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

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

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

(f) Intangible assets

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

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

(g) Mining rights and exploration rights

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

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

(h) Exploration and evaluation assets

These are stated at cost less impairment loss. Exploration and evaluation assets included topographical and geological survey drilling, exploratory drilling, sampling and trenching and expenditure incurred for the technical feasibility studies and incurred to secure further mineralisation in the mine ore. Expenditure incurred prior to obtaining the exploration and evaluation rights to explore an area are written off as expense as incurred. Once the technical feasibility and commercial viability of extracting the mineral resource had been determined and that the project reaches development phase, exploration and evaluation costs capitalised are amortised. If exploration property is abandoned during the evaluation stage, the total expenditure thereon will be written off.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amounts of exploration and evaluation assets may exceed its recoverable amount.

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

(i) Leasing

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

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

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

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

(j) Impairment of tangible and intangible assets

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

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

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

(k) Inventories

Gold Mining Division

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

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

PC Component Division

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

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

(l) Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

(l) Financial instruments *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each reporting date subsequent to initial recognition, loans and receivables (including trade and other receivables, deposit for acquisition and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other category. At each reporting date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss.

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

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

(l) Financial instruments *(Continued)*

Impairment of financial assets

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

Objective evidence of impairment could include:

(i) significant financial difficulty of the issuer or counterparty; or

(ii) default or delinquency in interest or principal payments; or

(iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade and other receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio and other observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When trade and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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

(l) Financial instruments *(Continued)*

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis for debt instruments.

Financial liabilities

Financial liabilities (including trade and other payables, borrowings and obligation under finance lease) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

(l) Financial instruments *(Continued)*

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

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

(m) Trade and other receivables

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

(n) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

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

(o) Borrowings

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

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

(p) Trade and other payables

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

(q) Foreign currency translation

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

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

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

(q) Foreign currency translation *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Groups foreign operations are translated into the presentation currency of the Company at the rate of exchange prevailing at the reporting date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

(r) Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset 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 being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

(s) Retirement benefits schemes

(i) Employee leave entitlements

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

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

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

(s) Retirement benefits schemes *(Continued)*

(ii) Pension obligations

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

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

(iii) Termination benefits

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

(t) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

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

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

(t) Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interest in jointly-controlled entity, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(u) Provisions and contingent liabilities

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

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

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

(v) Related parties

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

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

ii. the party is an associate;

iii. the party is a jointly-controlled entity;

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

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

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

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

(w) Research and development expenditure

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

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

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

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

(x) Segment reporting

The Group identified operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

(i) Exploration of gold mine;

(ii) Corporation

Each of these operating segments is managed separately as each of the product and service line requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arms length prices.

The management policies the Group used for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except finance costs, Income tax and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

No asymmetrical allocations have been applied to reportable segments.

(y) Discontinued operation

A discontinued operation is a clearly distinguishable component of the Group's business that has been disposed of or is classified as held for sale, which represents a separate major line of business or geographical area of operations of the Group.

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

(z) Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

For grants of share options which are conditional upon satisfying specified vesting conditions, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve). The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss with a corresponding adjustment to share options reserve.

For share options which are vested at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Impairment of trade and other receivables

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

In determining whether impairment loss is recognised, the Group takes into consideration the ageing status and the recoverability. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flow expected to receive discounted at the original effective interest rate and its carrying value.

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

Useful lives of property, plant and equipment

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

Impairment of mining and exploration assets

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

Impairment of goodwill

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

Mine resources and reserves

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

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

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

Valuation of convertible bonds

The directors use their judgement in selecting an appropriate valuation technique for the Group's convertible bonds which are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The fair value of the liability and equity components of the convertible bonds are estimated by an independent professional valuer based on their techniques. The fair value of these components varies with different variables of certain subjective assumptions. Any change in these variables so adopted may materially affect the estimation of the fair value of these components.

5. SEGMENT INFORMATION

The Group had three operating segments for the year ended 31 March 2010, namely Gold Mining Division, PC Component Division and Corporate Division. The segment of PC Component Division was discontinued in the year ended 31 March 2010.

Segment profits do not include share-based payment expenses and finance costs. Segment assets and liabilities are allocated based on the operations of the segments.

5. SEGMENT INFORMATION *(Continued)*

Operating segments *(Continued)*

Segment information by operating segments is presented as follows:

Year ended 31 March 2010

	Continuing operations				Discontinued operation	
	Gold Mining HK$'000	Corporate HK$'000	Elimination HK$'000	Total HK'000	PC Component HK$'000	Total HK$'000
Segment revenue:						
Turnover for external customers	100,213	–	–	100,213	32,833	133,046
Gross profit/(loss)	83,092	–	–	83,092	(579)	82,513
Other income	1,086	–	–	1,086	1,261	2,347
Operating expenses	(13,686)	(24,056)	–	(37,742)	(5,028)	(42,770)
	70,492	(24,056)	–	46,436	(4,346)	42,090
Depreciation and amortisation	(291)	(110)	–	(401)	(2,983)	(3,384)
Segment results	70,201	(24,166)	–	46,035	(7,329)	38,706
Share-based payment expenses				(26,703)	–	(26,703)
Gain on disposal of subsidiaries				1,674	–	1,674
Finance costs				(20,592)	–	(20,592)
Profit/(loss) before taxation				414	(7,329)	(6,915)
Income tax expense				(16,283)	(24)	(16,307)
Net loss for the year				(15,869)	(7,353)	(23,222)
Assets and liabilities						
Segment assets	285,115	1,814,622	(307,777)	1,791,960	–	1,791,960
Segment liabilities	199,090	343,048	(303,477)	238,661	–	238,661
Other segment information						
Capital expenditure	582	58	–	640	–	640
Depreciation and amortisation	291	110	–	401	2,983	3,384

5. SEGMENT INFORMATION *(Continued)*

Operating segments *(Continued)*

Year ended 31 March 2009

	Continuing operations				Discontinued operation	
	Gold Mining HK$'000	Corporate HK$'000	Elimination HK$'000	Total HK$'000	PC Component HK'000	Total HK$'000
Segment revenue:						
Turnover for external customers	34,512	–	–	34,512	89,924	124,436
Gross profit/(loss)	6,623	–	–	6,623	(7,760)	(1,137)
Other income	747	–	–	747	4,654	5,401
Operating expenses	(5,243)	(8,995)	–	(14,238)	(20,521)	(34,759)
	2,127	(8,995)	–	(6,868)	(23,627)	(30,495)
Depreciation and amortisation	(12,439)	(33)	–	(12,472)	(4,146)	(16,618)
Segment results	(10,312)	(9,028)	–	(19,340)	(27,773)	(47,113)
Finance costs				(47,678)	(2)	(47,680)
Loss before taxation				(67,018)	(27,775)	(94,793)
Income tax expense				–	(410)	(410)
Net loss for the year				(67,018)	(28,185)	(95,203)
Assets and liabilities						
Segment assets	159,857	1,475,178	(61,793)	1,573,242	56,283	1,629,525
Segment liabilities	119,817	617,559	(76,455)	660,921	30,052	690,973
Other segment information						
Capital expenditure	52	326	–	378	636	1,014
Depreciation and amortisation	12,439	33	–	12,472	4,146	16,618

5. SEGMENT INFORMATION *(Continued)*

Geographical segments

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

Segment information by geographical segments is presented as follows:

	2010	2009
	HK$'000	HK$'000
Segment revenue by location of customers		
PRC, excluding Hong Kong and Taiwan	**115,140**	64,178
Taiwan	**9,115**	36,052
Hong Kong	**3,381**	2,786
Singapore	**2,003**	4,514
Australia	**74**	850
Other Asia-Pacific regions	**3,321**	14,872
Europe	**12**	–
Other regions	**–**	1,184
Discontinued operation	**(32,833)**	(89,924)
	100,213	34,512
Non-current assets other than available for sale fixed assets and deferred tax assets		
PRC, excluding Hong Kong and Macau	**1,641,332**	1,535,946
Hong Kong	**4,463**	5,080
Singapore	**–**	117
Macau	**–**	7,610
Australia	**85,138**	–
	1,730,933	1,548,753

6. REVENUE AND OTHER INCOME

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

	2010 HK$'000	2009 HK$'000
Revenue		
Sale of goods	**117,796**	121,676
Trading of goods	**6,871**	1,376
Rendering of service	**8,379**	1,384
	133,046	124,436
Representing:		
Continuing operations	**100,213**	34,512
Discontinued operation	**32,833**	89,924
	133,046	124,436
Other income		
Bank interest income	**1**	68
Compensation income (note)	**–**	4,572
Sundry income	**2,346**	761
	2,347	5,401
Representing:		
Continuing operations	**1,086**	747
Discontinued operation	**1,261**	4,654
	2,347	5,401

Note:

The amount represented compensation receivable from a customer (the "Customer") who is an authorized distributor of the goods sold by a subsidiary of the Company (the "Subsidiary") for the year 31 March 2009. The Customer entered into a sales agency contract (the "Contract") with the Subsidiary on 1 July 2003. According to the Contract, the Customer committed to meet the minimum monthly sales amount (the "Sales Quota") of the goods supplied by the Subsidiary as stipulated in the Contract. Since the Customer could not meet the Sales Quota for most of the months in the years of 2006 and 2007, the Subsidiary and the Customer entered into a compromise agreement on 19 July 2008 pursuant to which the Customer agreed to pay to the Subsidiary an amount of RMB4,000,000 as compensation payment.

During the year, no more compromise agreement was entered into by the Subsidiary, which was disposed of by the Group.

7. FINANCE COSTS

	2010	2009
	HK$'000	HK$'000
Continuing operations:		
Amortisation of convertible bonds	**7,329**	41,985
Interest on promissory notes	**2,833**	2,869
Interest on bank loans and overdrafts	**10,430**	2,824
Finance costs	**20,592**	47,678

8. PROFIT/(LOSS) BEFORE TAX

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

	2010	2009
	HK$'000	HK$'000
Continuing operations:		
Cost of inventories sold	**17,121**	27,889
Share-based payment expenses	**26,703**	–
Gain on disposal of subsidiaries	**(1,674)**	–
Auditors' remuneration *(note c)*	**1,387**	566
Amortisation of intangible assets *(note a)*	**–**	11,590
Depreciation *(note a and c)*		
– owned assets	**1,073**	882
Operating lease rentals in respect of land and buildings *(note b and c)*	**1,258**	586
Staff costs including directors' emoluments: *(note c)*		
Salaries, wages, allowances and benefits in kind	**12,140**	12,258
Retirement benefits scheme contributions *(note 32(i))*	**1,031**	351
Other staff benefits	**288**	326
Staff costs	**13,459**	12,935

8. PROFIT/(LOSS) BEFORE TAX *(Continued)*

Notes:

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

	2010	2009
	HK$'000	HK$'000
Amortisation of intangible assets	**–**	11,590
Depreciation	**672**	712

(b) Included in the operating lease rentals in respect of land and buildings are rentals paid for the director's quarter of HK$:Nil (2009: HK$961,000), which had also been included in staff costs disclosed above.

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

9. INCOME TAX EXPENSE

	2010	2009
	HK$'000	HK$'000
Current tax – overseas		
Provision for the year	**20,533**	–
Deferred tax (assets)/liabilities *(note 28)*	**(4,226)**	410
Income tax expense	**16,307**	410
Representing:		
Continuing operations	**16,283**	–
Discontinued operation	**24**	410
	16,307	410

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profit for the year (2009: Nil).

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

9. INCOME TAX EXPENSE *(Continued)*

易盈電腦(深圳)有限公司("Espco Shenzhen"), being a foreign investment enterprise established in Shenzhen Special Economic Zone in the PRC, is subject to the preferential foreign enterprise income tax ("FEIT") of 15% on its assessable profit. During the year 2010, the subsidiary was disposed.

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

SPI Distribution Macao Commercial Offshore Limited ("Espco Macau") has been registered as an "Offshore Commercial Services Institution" with the Macao Trade and Investment Promotion Institute. In accordance with the Macao Special Administrative Region's Offshore Law, Espco Macau is exempted from Macau income tax derived from its offshore business. During the year 2010, the subsidiary was disposed.

The reconciliation between the income tax expense and accounting profit/(loss) at applicable tax rates:

	2010	2009
	HK$'000	HK$'000
Profit/(loss) before tax	**414**	(67,018)
Tax at the applicable tax rate in Hong Kong	**68**	(11,058)
Tax effect of non-deductible expenses	**1,376**	534
Effect of different tax rates of subsidiaries operating in other jurisdictions	**8,644**	(876)
Tax effect of tax losses not recognised	**6,890**	–
Deferred tax assets not recognised	**–**	11,400
Deferred tax assets recognised	**(695)**	–
Income tax expense	**16,283**	–

10. DISCONTINUED OPERATION

On 10 November 2009, the Company and Eagle Lane Holdings Limited, a company owned by Mr. Chan Hing Yin who is a former executive director of the Company, entered into a sale and purchase agreement involving the disposal of the entire issued share capital of Eagle Up Holdings Limited, a wholly owned subsidiary of the Company holding the Company's PC Component Division (the "Disposal"). The Group believes that the Disposal provides an opportunity for the Company to dispose of a weakening business and to streamline the businesses of the Group so that the Group can focus on its gold business which is also in line with the Company's business strategy. The disposal was completed on 29 January 2010.

The loss for the year from the discontinued operation is analysed as follows:

	2010	2009
	HK$'000	HK$'000
Loss of discontinued operation	**(7,353)**	(28,185)
Gain on disposal of discontinued operation	**1,674**	–
	(5,679)	(28,185)

The results of the discontinued PC Component Division for the year, which have been included in the consolidated results of the Group, are set out below. The income statement distinguishes discontinued operation from continuing operations and comparative figures have been restated.

	2010	2009
	HK$'000	HK$'000
Turnover	**32,833**	89,924
Cost of sales	**(33,412)**	(97,684)
Gross loss	**(579)**	(7,760)
Other revenue	**1,261**	4,654
Selling and distribution expenses	**(170)**	(598)
General and administrative expenses	**(7,841)**	(24,069)
Finance costs	**–**	(2)
Loss before taxation from the discontinued operation	**(7,329)**	(27,775)
Taxation	**(24)**	(410)
Loss for the period	**(7,353)**	(28,185)

During the year ended 31 March 2010, the discontinued PC Component Division paid approximately HK$1,847,000 (2009: approximately HK$2,850,000) in respect of operating activities, received approximately HK$166,000 (2009: paid approximately HK$672,000) in respect of investing activities and paid HK$ Nil (2009: approximately HK$11,225,000) in respect of financing activities.

No tax charge or credit arose on the gain on disposal of the discontinued operation.

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors

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

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2010				
Executive directors:				
Lee Shing *(i)*	–	1,424	7	1,431
Lee Sing Leung, Robin *(ii)*	–	1,624	12	1,636
Kwok Tai Pan *(iii)*	–	708	7	715
Cheng Kam Chiu, Stewart *(iv)*	–	–	–	–
Cheng Ming Kit, Tommy *(v)*	–	266	3	269
Wong Kin Yick, Kenneth *(vi)*	–	–	–	–
Zhao Baolong, Bill *(vii)*	–	504	4	508
	–	4,526	33	4,559
Independent non-executive directors:				
Orr Joseph Wai Shing *(xiii)*	147	–	–	147
Jiao Zhi *(xiv)*	79	–	–	79
Dr. Cheung Wai Bun, Chales *J.P.* *(viii)*	114	–	–	114
Deng Xiang Xiong *(ix)*	58	–	–	58
Pieter van Aswegen *(xvii)*	(80)	–	–	(80)
	318	–	–	318
	318	4,526	33	4,877

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(a) Directors *(Continued)*

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

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(a) Directors *(Continued)*

Notes:

(i) Mr. Lee Shing was appointed as executive director on 17 July 2009.

(ii) Mr. Lee Sing Leung, Robin was redesignated as executive director on 17 July 2009.

(iii) Ms. Kwok Tai Pan was appointed as executive director on 17 July 2009.

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

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

(vi) Mr. Wong Kin Yick, Kenneth was appointed as executive director on 25 September 2008 and resigned on 17 July 2009.

(vii) Mr. Zhao Baolong, Bill was appointed as executive director on 1 January 2009 and resigned on 17 July 2009.

(viii) Dr. Cheung Wai Bun, Charles *J.P.* was appointed as independent non-executive director on 17 July 2009.

(ix) Mr. Deng Xiang Xiong was appointed as independent non-executive director on 22 December 2008 and resigned on 17 July 2009.

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

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

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

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

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

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

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

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

(xviii) Mr. Chan Hing Yin retired as executive director on 30 September 2009.

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(Continued)

(b) Five highest paid employees

The five highest paid individuals for the year included four (2009: four) directors whose remuneration are included above. The emolument of the remaining one (2009: one) individual is as follows:

	2010	2009
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**824**	1,050
Retirement benefits scheme contributions	**11**	12
	835	1,062

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

	2010	2009
Nil to HK$1,000,000	**1**	–
HK$1,000,001 – HK$1,500,000	**–**	1

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

12. LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

Of the consolidated loss attributable to the equity holders of the Company of HK$36,529,000 (2009: HK$92,479,000), a loss of HK$24,944,000 (2009: HK$50,403,000) has been dealt with in the financial statements of the Company.

13. DIVIDEND

No dividend has been paid or proposed by the Company for the years ended 31 March 2010 and 2009.

14. LOSS PER SHARE

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

	2010	2009
	HK$'000	HK$'000
Continuing and discontinued operations		
Loss attributable to the equity holders of the Company	**(36,529)**	(92,479)
Amortisation of convertible bonds	**7,329**	41,985
Loss attributable to the equity holders of the Company for calculation of diluted loss per share	**(29,200)**	(50,494)
Continuing operations		
Loss attributable to the equity holders of the Company	**(29,176)**	(64,294)
Amortisation of convertible bonds	**7,329**	41,985
Loss attributable to the equity holders of the Company for calculation of diluted loss per share	**(21,847)**	(22,309)

	Number of shares	
	2010	2009
Weighted average number of ordinary shares in issue	**4,571,650,926**	1,637,031,833
Effect of diluted weighted average of ordinary shares on conversion of convertible bonds	**7,961,847,937**	895,608,000
Weighted average number of ordinary shares for calculation of diluted loss per share	**12,533,498,863**	2,532,639,833

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

The weighted average number of ordinary shares for calculation of the basic earnings per share for the year ended 31 March 2009 have been adjusted to take into account the consolidation of four existing shares into one consolidated share of the Company as approved by the shareholders of the Company at an extraordinary general meeting on 4 May 2009.

15. PROPERTY, PLANT AND EQUIPMENT

Group

31 March 2010

	Land and building HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Sub-Total HK$'000	Construction in progress HK$'000	Total HK$'000
Cost or valuation								
At 1 April 2008	14,130	30,051	983	5,096	1,707	51,967	–	51,967
Additions	–	80	85	163	686	1,014	–	1,014
Disposals	–	–	(40)	(63)	(203)	(306)	–	(306)
Adjustment on revaluation	(3,314)	–	–	–	–	(3,314)	–	(3,314)
Acquisition of subsidiaries	2,876	5,120	57	–	1,451	9,504	–	9,504
Currency realignment	164	484	(16)	98	(14)	716	–	716
At 31 March 2009	13,856	35,735	1,069	5,294	3,627	59,581	–	59,581
Additions	101	284	55	10	210	660	241	901
Disposal	–	(885)	–	–	(108)	(993)	–	(993)
Disposals of subsidiary	(11,013)	(29,720)	(954)	(5,186)	(1,950)	(48,823)	–	(48,823)
Currency realignment	44	38	13	9	19	123	–	123
At 31 March 2010	2,988	5,452	183	127	1,798	10,548	241	10,789
Accumulated depreciation								
At 1 April 2008	–	15,159	786	4,464	1,574	21,983	–	21,983
Charge for the year	1,972	2,414	84	250	272	4,992	–	4,992
Elimination on disposal	–	–	(10)	(63)	(200)	(273)	–	(273)
Acquisition of subsidiaries	1,139	2,642	25	–	657	4,463	–	4,463
Currency realignment	1	233	(16)	85	(4)	299	–	299
At 31 March 2009	3,112	20,448	869	4,736	2,299	31,464	–	31,464
Charge for the year	1,598	1,923	56	187	266	4,030	–	4,030
Elimination on disposal	–	(424)	–	–	(107)	(531)	–	(531)
Disposals of subsidiary	(3,036)	(18,350)	(876)	(4,865)	(1,472)	(28,599)	–	(28,599)
Currency realignment	8	31	14	8	11	72	–	72
At 31 March 2010	1,682	3,628	63	66	997	6,436	–	6,436
Carrying amount								
At 31 March 2010	1,306	1,826	120	61	799	4,112	241	4,353
At 31 March 2009	10,744	15,287	200	558	1,328	28,117	–	28,117

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

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

As at 31 March 2010 and 2009, no land and buildings of the Group have been pledged.

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

These revalued land and buildings are no longer held by the Group as a result of disposals of subsidiaries during the year.

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

	2010	2009
	HK$'000	HK$'000
Buildings in the PRC excluding Hong Kong	**1,306**	3,196
Leasehold land and buildings in Hong Kong	**–**	3,709
	1,306	6,905

16. PREPAID LEASE PAYMENTS

Group

	2010	2009
	HK$'000	HK$'000
Cost		
At beginning of year	**1,827**	1,787
Disposal of subsidiaries	**(1,827)**	–
Currency realignment	**–**	40
At end of year	**–**	1,827
Accumulated depreciation		
At beginning of year	**207**	167
Disposal of subsidiaries	**(207)**	–
Provision for the year	**–**	36
Currency realignment	**–**	4
At end of year	**–**	207
Net book value		
At end of year	**–**	1,620

16. PREPAID LEASE PAYMENTS *(Continued)*

Group *(Continued)*

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

	2010	2009
	HK$'000	HK$'000
Current assets	**–**	37
Non-current assets	**–**	1,583
	–	1,620

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

These prepaid lease payments are no longer held by the Group as a result of disposal of subsidiaries during the year.

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2010	2009
	HK$'000	HK$'000
Equity securities, at fair value listed outside Hong Kong	**85,138**	–

On 29 October 2009, a subsidiary of the Company entered into a purchase agreement whereby the subsidiary agreed to purchase 260,000,000 sale rights at the consideration of approximately HK$4.62 million. The transaction was completed on the same day and the subsidiary had exercised the sale rights in full.

The sale rights involve 260,000,000 unit of rights for subscription of 260,000,000 new shares in Apex Minerals NL ("Apex") ("New Apex Shares") at a subscription price of approximately HK$0.28 per New Apex Share together with 1 free option to subscribe for shares in Apex ("Apex Option Shares") at an exercise price of approximately HK$0.42 per Apex Option Share for every 10 New Apex Shares subscribed in the right issue of Apex.

Apex is a company listed on the Australian Stock Exchange and engaged in mining and production of gold and exploration of mineral resources.

Available-for-sale financial assets held by the Group are denominated on Australian dollars.

18. INTANGIBLE ASSETS

Group

	Exploration and evaluation assets HK$'000	Goodwill HK$'000	Total HK$'000
Acquisition of subsidiaries	150,564	1,408,028	1,558,592
Additions	5,116	–	5,116
Exchange realignment	2,481	–	2,481
At 31 March 2009	158,161	1,408,028	1,566,189
Additions	131,588	–	131,588
Revaluation	4,667	–	4,667
Exchange realignment	(9,853)	–	(9,853)
At 31 March 2010	284,563	1,408,028	1,692,591
Accumulated amortisation			
Acquisition of subsidiaries	42,655	–	42,655
Provision during the year	11,590	–	11,590
Exchange realignment	703	–	703
At 31 March 2009	54,948	–	54,948
Provision during the year	–	–	–
Exchange realignment	186	–	186
At 31 March 2010	55,134	–	55,134
Net book value			
At 31 March 2010	229,429	1,408,028	1,637,457
At 31 March 2009	103,213	1,408,028	1,511,241

18. INTANGIBLE ASSETS *(Continued)*

Impairment testing of goodwill

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

Key assumptions used in the value in use calculation for 31 March 2010 are as follows:

Revenues

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

Mining costs

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

Commodity price

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

Discount rate

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

19. CLUB MEMBERSHIP

Club membership is stated at cost less any identified impairment loss. For the purpose of impairment testing on club membership, the recoverable amount has been determined based on fair value less costs to sell. The fair value less costs to sell is the second-hand market price less cost of disposal. As at 31 March 2010, the club membership are no longer held by the Group as a result of disposal of subsidiaries during the year.

20. INTERESTS IN SUBSIDIARIES

Company

	2010 **HK$'000**	2009 HK$'000
Unlisted shares, at cost	**–**	–
Amounts due from subsidiaries	**1,663,173**	1,467,290
	1,663,173	1,467,290

Notes:

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

(i) Particulars of the Company's principal subsidiaries as at 31 March 2010 are follows:

Company name	**Place and date of incorporation/ establishment**	**Issued and fully paid up capital/registered capital**	**Percentage of equity interest attributable to the Company**		**Principal activities and place of operations**
			Direct %	**Indirect** %	
SSC Mandarin Mining Investment Limited	British Virgin Islands 2 October 2007	1 ordinary share of US$1 each	100	–	Investment holding in Hong Kong
T G Mining Asia Limited	Hong Kong 9 November 2005	2,000,000 ordinary shares of HK$1 each	–	100	Investment holding in Hong Kong
SSC Sino Gold Mining Investment Company Limited 文華中金(北京)礦業投資顧問有限公司	PRC 5 February 2004	Registered and paid-up capital of US$7,000,000	–	90	Investment holding in the PRC
Tongguan County Taizhou Mining Co., Limited 潼關縣太洲礦業有限責任公司	PRC 29 June 2004	Registered and paid-up capital of RMB10,000,000	–	72	Exploration, mining and mineral processing

20. INTERESTS IN SUBSIDIARIES *(Continued)*

Notes: *(Continued)*

(a) *(Continued)*

(ii) Particulars of the Company's principal subsidiaries disposed of during the year are as follows:

Company name	Place and date of incorporation/ establishment	Issued and fully paid up capital/registered capital	Percentage of equity interest attributable to the Company Direct %	Indirect %	Principal activities and place of operations
Eagle Up Holdings Limited ("Eagle Up")	British Virgin Islands 8 January 2003	100 ordinary shares of US$1 each	100	–	Investment holding in Hong Kong
Espco Technology Limited ("Espco Technology")	Hong Kong 25 February 2000	1,000,000 ordinary shares of HK$0.1 each	–	100	Trading and distribution of desktop PC components in Hong Kong
易盈電腦(深圳)有限公司 ("Espco Shenzhen")	PRC 30 April 1993	Registered and paid-up capital of US$3,430,733	–	100	Manufacturing of desktop PC components in the PRC
Espco Computer (S) Pte Limited ("Espco Singapore")	The Republic of Singapore 7 June 1996	30,000 ordinary shares of US$1 each	–	100	Trading and distribution of desktop PC components in Singapore
SPI Distribution Macao Commercial Offshore Limited ("Espco Macau")	Macau 25 February 2003	Registered capital of MOP1,000,000	–	100	Trading and distribution of desktop PC components in Macau
Finnikon Investments Limited	British Virgin Islands 26 October 2006	1 ordinary share of US$1 each	–	100	Investment holding in Hong Kong
Espco Industrial Limited (formerly known as Geniman Information Limited)	Hong Kong 15 December 2006	1 ordinary share of HK$1 each	–	100	Inactive

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

21. INVENTORIES

	Group	
	2010	2009
	HK$'000	HK$'000
Raw material	**–**	2,243
Finished goods	**691**	5,408
	691	7,651

Inventories consist of desktop PC components and gold concentrates. At 31 March 2010, the Group no longer held any desktop PC components as a result of disposal of subsidiaries during the year. The carrying amount of inventories that were carried at lower of cost or net realisable value amounted to approximately HK$691,000 (2009: HK$1,343,000).

22. TRADE AND OTHER RECEIVABLES

	Group	
	2010	2009
	HK$'000	HK$'000
Trade receivables (i)	**–**	20,264
Other receivables, deposits and prepayments (ii)	**9,130**	1,982
	9,130	22,246

Analysed for reporting purposes as:

	2010	2009
	HK$'000	HK$'000
Current asset	**9,130**	14,640
Non-current asset	**–**	7,606
	9,130	22,246

22. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

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

At 31 March 2010, since the Group has disposed of the subsidiaries of PC Component Division, the Agreement is no longer held by the Group. There is no trade receivables for Gold Mining Division as at 31 March 2010.

(ii) Included in other receivables are amounts of deposit paid with approximately HK$4,800,000 and HK$2,272,000 for the acquisition of 100% equity interest in Henan Hongjin Mining Company Limited ("Henan Hongjin") and Henan Hongnan Mining Company Limited ("Henan Hongnan") respectively. On 7 September 2009, the Company entered into an agreement for a two-stage acquisition of Henan Hongjin. Consideration for the first-stage acquisition of 60% of equity interest amounts to HK$18.2 million satisfied by HK$2 million in cash and HK$16.2 million by issue of 43,125,000 shares. Consideration for the second-stage acquisition of the remaining 40% equity interest amounts to HK$23.05 million satisfied by HK$2.8 million in cash and HK$20.25 million by issue of 75 million shares. Completion of the first-stage acquisition has been extended to 31 August 2010.

On 8 February 2010, the Company entered into an agreement for a two-stage acquisition of Henan Hongnan. Consideration for the first-stage acquisition of 60% of the equity interest in the company amounts to HK$18,600,000 which will be satisfied by HK$4,800,000 in cash and HK$13,800,000 by the issue of 43,125,000 shares of the Company. Consideration for the second-stage acquisition of the remaining 40% equity interest in the company will vary in accordance with the gold reserve and resources as certified by a professional consultant. As at 31 March 2010, the first-stage acquisition has not been completed yet.

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

	2010 **HK$'000**	2009 HK$'000
0 – 30 days	–	18,049
31 – 60 days	–	1,185
61 – 90 days	–	1,501
Over 90 days	–	15,551
	–	36,286
Allowance for doubtful debts	–	(16,022)
	–	20,264

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivable directly. Since the Group disposed of the subsidiaries of PC Component Division, the balance brought forward of allowance for doubtful debts is derecognised from the financial statements of the Group.

22. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	Group	
	2010	2009
	HK$'000	HK$'000
At beginning of year	**16,022**	6,788
Impairment loss	**–**	10,937
Uncollectible amounts written off	**–**	(1,635)
Currency realignment	**–**	(68)
Disposal of subsidiaries	**(16,022)**	–
At end of year	**–**	16,022

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

	Group	
	2010	2009
	HK$'000	HK$'000
Neither past due nor impaired	**–**	2,831
Past due but not impaired:		
Less than 1 month past due	**–**	1,045
1 to 3 months past due	**–**	7,077
More than 3 months past due	**–**	21,159
	–	29,281
	–	32,112

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

22. TRADE AND OTHER RECEIVABLES *(Continued)*

As at 31 March 2009, receivables that were past due but not impaired relate to a number of independent customers that have good track records with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has been no significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. As at 31 March 2010, these balances which held by the subsidiaries disposed during the year was derecognised from the statement of financial position.

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

	Group	
	2010	2009
	HK$'000	HK$'000
United States dollars	**–**	24,428

23. CASH AND BANK BALANCES

As at 31 March 2010, approximately HK$795,000 (2009: HK$320,000) of the Group's cash and bank balances were denominated in Renminbi, a currency which is subject to exchange control restrictions imposed by the Government of the People's Republic of China.

24. TRADE AND OTHER PAYABLES

	Group	
	2010	2009
	HK$'000	HK$'000
Trade payables	**3,293**	13,254
Other payables and accruals	**28,922**	13,177
	32,215	26,431

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

24. TRADE AND OTHER PAYABLES *(Continued)*

An ageing analysis of trade payables is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
0 – 30 days	**2,142**	12,393
31 – 60 days	**–**	32
61 – 90 days	**1,150**	–
Over 90 days	**1**	829
	3,293	13,254

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

	Group	
	2010	2009
	HK$'000	HK$'000
Renminbi	**11,142**	–
United States dollars	**–**	193

25. AMOUNT DUE TO A MINORITY SHAREHOLDER OF A SUBSIDIARY

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

26. INTEREST-BEARING BORROWINGS

	Group	
	2010	2009
	HK$'000	HK$'000
Bank loans	**51,221**	28,111
Obligation under finance leases	**–**	–
	51,221	28,111
Amount due within one year included in current liabilities	**(51,221)**	(28,111)
Amount due after one year	**–**	–

26. INTEREST-BEARING BORROWINGS *(Continued)*

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

	Group	
	2010	2009
	HK$'000	HK$'000
Within one year	**51,221**	28,111

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

The effective interest rate of the loans as at 31 March 2010 was increased from 8% to 15.38% (2009: 8%) per annum.

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

27. AMOUNT DUE TO DIRECTORS

The amount due to directors are interest-free, unsecured and repayable at the discretion of the Group.

28. DEFERRED TAXATION

	Accelerated tax depreciation	**Revaluation of properties**	**Tax losses**	**Others**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2008	(51)	1,560	(341)	(182)	986
(Charge)/credit to consolidated income statement	(15)	–	313	112	410
Charge to equity	–	(785)	–	–	(785)
Effect of change in tax rate	3	196	(8)	7	198
Exchange realignment	–	23	–	–	23
At 31 March 2009	(63)	994	(36)	(63)	832
At 1 April 2009	(63)	994	(36)	(63)	832
Disposal of subsidiaries	63	(994)	36	63	(832)
Credit to consolidated income statement	–	–	(4,226)	–	(4,226)
At 31 March 2010	–	–	(4,226)	–	(4,226)

28. DEFERRED TAXATION *(Continued)*

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

	2010	2009
	HK$'000	HK$'000
Deferred tax assets	**(4,226)**	(71)
Deferred tax liabilities	**–**	903
	(4,226)	832

The subsidiaries of the PC Component Division had recognised the deferred tax assets and liabilities of HK$832,000 in aggregate in prior years. During the year ended 31 March 2010, the Group has disposed of the subsidiaries of the PC Component Division which resulted in de-recognition of all the balances of the deferred tax assets and liabilities in respect thereof.

At 31 March 2010, the Group had unused tax losses of approximately HK$25,611,000 (2009: HK$95,622,000) available for offset against future profits. A deferred tax asset has been recognised for the year ended 31 March 2010 in respect of HK$4,226,000 (2009: 221,000) of such losses. Deferred tax asset has been recognised in current year in respect of the remaining tax losses due to the future profit streams is expected to flow into the Group by the development of the Gold Mining Division.

29. CONVERTIBLE BONDS

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

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

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

The Convertible Bonds recognised in the consolidated statement of financial position as at 31 March 2010 and 2009 are as follows:

	Group and Company HK$'000
As at 1 April 2009	400,995
Issue of Convertible Bonds	–
Equity component of the Convertible Bonds	–
Liability component of the Convertible Bonds on initial recognition	400,995
Amortisation of Convertible Bonds	32,345
Amount transfer to capital reserve on conversion	(53,436)
Conversion of Convertible Bonds	(285,061)
As at 31 March 2010	**94,843**

During the year, the Convertible Bonds in the principal amount of HK$420,073,080 had been converted into 6,001,044,000 shares at a conversion price of HK$0.07 per share. As at 31 March 2009, the management of the Company agreed that the effective interest rate was changed from 3.20% to 10.91% which were derived from an appraisal prepared by "Ample Appraisal Limited" as an independent firm of professional valuer.

30. PROMISSORY NOTES

The Group and the Company

The movements in the promissory notes of the Company for the years ended 31 March 2010 and 2009 are as follows:

	2010	2009
	HK$'000	HK$'000
Carrying value at beginning of the year	**138,240**	–
Issue of Promissory Note A	**–**	60,000
Issue of Promissory Note B	**–**	78,240
Redemption of Promissory Note B	**(78,240)**	–
Partial redemption of Promissory Note A	**(45,000)**	–
Carrying value at end of the year	**15,000**	138,240

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

Promissory Note A was issued as a zero coupon promissory note with a fixed term of 18 months from the date of its issue. The Promissory Note A was secured by the first equitable charge created over the entire issued share capital of a wholly owned subsidiary of the Company. During the year, the Promissory Note A was partially redeemed by the Group and two unsecured zero coupon promissory notes of HK$7,500,000 each have been issued accordingly for settlement of the remaining balance of the Promissory Note A.

Promissory Note B was issued with a fixed term of 36 months from the date of its issue and carries an interest at a rate of 4% per annum on the outstanding principal amount, payable in arrears quarterly on 31 March, 30 June, 30 September and 31 December of each year. During the year 31 March 2010, promissory note B was fully redeemed.

31. SHARE CAPITAL

	2010		2009	
	Number of shares	**Amount HK$'000**	Number of shares	Amount HK$'000
Authorised:				
At 1 April	**20,000,000,000**	**20,000**	20,000,000,000	20,000
Share consolidation	**(15,000,000,000)**	**–**	–	–
Increase in authorised share capital	**10,000,000,000**	**40,000**	–	–
At 31 March	**15,000,000,000**	**60,000**	20,000,000,000	20,000
Issued and fully paid:				
At 1 April	**8,269,586,000**	**8,269**	3,871,362,000	3,871
Share consolidation	**(6,202,189,500)**	**–**	–	–
Issue of shares as part of the consideration for the acquisition of subsidiaries	**–**	**–**	1,382,400,000	1,382
Issue of shares by way of placing	**1,087,003,200**	**4,348**	1,222,256,000	1,222
Issue of shares upon conversion of convertible bonds	**6,001,044,000**	**24,004**	1,793,568,000	1,794
Issue of shares by capitalisation of shareholders' loans	**2,049,428,571**	**8,198**	–	–
At 31 March	**11,204,872,271**	**44,819**	8,269,586,000	8,269

Notes:

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

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

31. SHARE CAPITAL *(Continued)*

Notes: *(Continued)*

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

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

(e) On 17 March 2009, the Company entered into two underwriting agreements with each of China Everbright Securities (HK) Limited ("China Everbright") and VC Brokerage Limited for the placement of 100,000,000 new shares and 110,000,000 new shares respectively at a price of HK$0.1 per share on a fully underwritten basis, which raised net proceeds of approximately HK$20,385,000. On the same date, the Company also entered into a placing agreement with China Everbright for the placement of 250,000,000 new shares on a best-effort basis with the over-allotment option to require the Company to issue 200,000,000 additional new shares at a price of HK$0.1 per share. The placement of a total of 660,000,000 new shares of the Company was completed in May 2009 raising net proceeds of approximately HK$64,710,000.

(f) On 11 August 2009, the Company entered into a subscription agreement with Genus Natural Resources Master Fund (the "Subscriber") managed by Baker Steel Capital Managers LLP. whereby the Company agreed to allot and issue and the Subscriber agreed to subscribe for 72 million shares of the Company at a subscription price of HK$0.07 per share. The share subscription was completed in October 2009 and raised net proceeds of approximately HK$4.97 million.

31. SHARE CAPITAL *(Continued)*

Notes: *(Continued)*

(g) On 30 October 2009, the Company entered into subscription agreements with Genus Dynamic Gold Fund, Ruffer Baker Steel Gold Fund, RIT Capital Partners Baker Steel, Baker Steel Gold Fund and Reach Goal Holding Limited pursuant to which the Company agreed to allot and issue for an aggregate of 355,003,200 subscription shares at the subscription price of HK$0.125 per new share, raising the gross and net proceeds of approximately HK$44.38 million and HK$44.20 million respectively.

(h) On 6 January 2010, the Company entered into an agreement with Mr. Ma Qian Zhou ("Mr. Ma") pursuant to which the Company agreed to issue and allot to Mr. Ma 1,065,428,571 new shares of the Company at a price of HK$0.07 per share. Mr. Ma is a director, general manager and shareholder of Taizhou Mining, which is an indirect non-wholly owned subsidiary of the Company. The issue of the subscription shares by the Company is in consideration for full and final settlement of the capitalized debt of HK$74,580,000 owed by the Group to Mr. Ma.

(i) On 24 December 2009, the Company entered into two subscription agreements with Mr. Lee Sing Leung, Robin ("Mr. Robin Lee") and Golden Garden Management Limited ("GG"), a company wholly and beneficially owned by Mr. Robin Lee, under the first subscription agreement, and with J. Thomson Asset Investment Limited ("JT") under the second subscription agreement, whereby (i) the Company agreed to allot and issue 841,745,455 new shares in aggregate at a subscription price of HK$0.11 per share in consideration for settlement of the receivables due to Mr. Robin Lee and the Promissory Note B in the principal amount of HK$62,592,000 owned by GG pursuant to the first subscription agreement, and (ii) the Company agreed to allot and issue 142,254,545 new shares at a subscription price of HK$0.11 per share under the second subscription agreement in consideration for settlement of the Promissory Note B in the principal amount of HK$15,648,000 owned by JT. The share subscriptions were completed in February 2010.

(j) During the year, the Convertible Bonds in the principal amount of HK$420,073,080 had been converted into 6,001,044,000 shares at a conversion price of HK$0.07 per share.

32. EMPLOYEE BENEFITS

(i) Defined contribution retirement plan

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

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

32. EMPLOYEE BENEFITS

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

In 2009, the Group had arranged for the employees of its subsidiary in Singapore to join the Central Provident Fund Scheme (the "CPF Scheme"), a defined contribution scheme managed by the Central Provident Fund Board. Under the CPF Scheme, the Group and its Singapore employees made monthly contributions of 14.5% and 20%, respectively, of the employees' earnings as defined by the Central Provident Fund Board. The subsidiary, together with other subsidiaries of the Eagle Up Group, were disposed of by the Group during the year.

The aggregate amount of the Group's contributions to the aforementioned retirement schemes for the year was approximately HK$1,031,000 (2009: HK$701,000). As at 31 March 2009, contributions totalling HK$2,673,000 (2009: HK$1,501,000) payable to the aforementioned retirement schemes are included in other payables. There was no forfeited contribution available to reduce the Group's employer contribution payable during the years ended 31 March 2009 and 2010.

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

(ii) Share option scheme

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

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

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

32. EMPLOYEE BENEFITS *(Continued)*

(ii) Share option scheme *(Continued)*

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

During the year, 206.3 million share options had been granted under the New Share Option Scheme, details of which are set out in the section of "Share Option Scheme" in the Report of the Board of Directors.

Share-based payment expenses in relation to the grant of share options recognised by the Group was HK$26,703,000 (2009: Nil).

The fair values of the share options granted during the year ended 31 March 2010 were determined using the Black-Scholes valuation model. The significant inputs into the model are as follows:

Date of grant	19 November 2009
Exercise price	HK$0.15
Closing share price immediately before date of grant	HK$0.144
Expected life	Ten years
Expected volatility	104.23%
Expected dividend yield	0%
Risk free rate	0.05%

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the period from May 2008 to the date of grant.

As at 31 March 2010, the number of shares in respect of which options had been granted and remained outstanding under the New Share Option Scheme was 206,300,000 (2009: Nil), representing 1.84% (2009: Nil) of the total number of shares of the Company in issue at that date.

33. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 37.

Capital reserve

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

Statutory surplus reserve

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

Statutory welfare fund

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

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

Statutory general reserve

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

33. RESERVES *(Continued)*

(b) Company

	Share premium HK$'000	Equity component of convertible bonds HK$'000	Share Option Scheme Reserve HK$' 000	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000
As at 1 April 2008	95,045	–	–	(537)	94,508
Issue of shares, net of expenses	425,188	–	–	–	425,188
Issue of convertible bonds	–	259,200	–	–	259,200
Conversion of convertible bonds	272,871	(86,476)	–	–	186,395
Loss for the year	–	–	–	(50,403)	(50,403)
At 31 March 2009 and 1 April 2009	793,104	172,724	–	(50,940)	914,888
Issue of shares, net of expenses	109,852	–	–	–	109,852
Issue of convertible bonds	–	–	–	–	–
Conversion of convertible bonds	424,490	(135,029)	–	–	289,461
Capitalisation of shareholders' loan	174,622	–	–	–	174,622
Loss for the year	–	–	26,703	(24,944)	1,759
At 31 March 2010	**1,502,068**	**37,695**	**26,703**	**(75,884)**	**1,490,582**

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

The Company had reserves of HK$1,426,184,000 available for distribution to shareholders as at 31 March 2010 (2009: HK$742,164,000).

34. COMMITMENTS

(a) Capital commitments

	Group 2010 HK$'000	Group 2009 HK$'000
Contracted, but not provided for:		
Construction in progress	**979**	–

(b) Operating lease commitments

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

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

	Group 2010 HK$'000	Group 2009 HK$'000
Within one year	**849**	1,396
In the second to fifth year, inclusive	**–**	950
	849	2,346

35. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group entered into the following connected transaction during the year:

	2010 HK$'000	2009 HK$'000
Consultancy fee	**101**	420

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

36. FINANCIAL RISK MANAGEMENT

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

(a) Foreign exchange risk

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

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

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

A reasonably possible change of 5% in exchange rates between RMB and HKD respectively, with all other variables held constant, would not have material impact on the Group's profit and equity for the year.

(b) Interest rate risk

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

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

36. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Interest rate risk *(Continued)*

At 31 March 2010, it is estimated that a general increase/decrease of 100 basis points (2009: 100 basis points) in interest rates, with all other variables held constant, would increase/decrease the Group's loss before tax and accumulated losses by approximately HK$512,000 (2009: HK$28,105,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the Group's exposure to interest rate risk for financial instruments in existence at that date. A 100 basis points (2009: 100 basis points) increase or decrease in interest rates represents management's assessment of a reasonably possible change in interest rates. The analysis is performed on the same basis for 2009.

(c) Commodity price risk

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

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

(d) Credit risk

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

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

At the reporting date, the Group did not have any concentration of credit risk as no trade and other receivables were due from the Group's largest customer and the five largest customers respectively. At 31 March 2009, 3% and 86% of total trade and other receivables were due from the Group's largest customer and the five largest customers respectively.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 22.

36. FINANCIAL RISK MANAGEMENT *(Continued)*

(e) Liquidity risk

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

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

	2010				2009			
	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	After one year but within five years HK$'000	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within one year or on demand HK$'000	After one year but within five years HK$'000
Trade and other payables	32,215	32,215	32,215	–	26,431	26,431	26,431	–
Bank loan	51,221	51,221	51,221	–	28,111	28,111	28,111	–
Finance lease obligation								
Amounts due to minority shareholder and director	18,633	18,633	18,633	–	90,081	90,081	33,843	56,238
Promissory notes	15,000	15,000	15,000	–	138,240	138,240	–	138,240
Convertible bonds	94,843	94,843	–	94,843	400,995	400,995	–	400,995
	211,912	211,912	117,069	94,843	683,858	683,858	88,385	595,473

(f) Capital risk management

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

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

36. FINANCIAL RISK MANAGEMENT *(Continued)*

(g) Fair value estimation

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

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

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

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

37. SUBSEQUENT EVENTS

(i) On 1 April 2010, the Group announced that the construction of a new gold production plant has commenced with new cyanidation, smelting and separation facilities to be installed.

(ii) On 21 April, 2010, the Company and Success Asia Investment Limited (the "Subscriber ") entered into a subscription agreement pursuant to which the Subscriber agreed to subscribe for a total of 792,096,000 new shares of the Company, being the aggregate of the first tranche share subscription of 396,048,000 new shares and the second tranche share subscription of 396,048,000 new shares at a subscription price of HK$0.101 per subscription share.

FINANCIAL SUMMARY

	Year ended 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**100,213**	124,436	250,903	320,066	402,429
Profit/(loss) before taxation	**414**	(94,793)	(11,978)	3,268	8,629
Taxation (expense)/income	**(16,283)**	(410)	342	413	(116)
Discontinued operation	**(7,353)**	–	–	–	–
(Loss)/profit for the year	**(23,222)**	(95,203)	(11,636)	3,681	8,513
Minority interests	**(13,307)**	2,724	–	–	–
(Loss)/profit attributable to shareholders	**(36,529)**	(92,479)	(11,636)	3,681	8,513
ASSETS, LIABILITIES AND MINORITY INTERESTS					
Non-current assets	**1,730,933**	1,548,753	97,711	28,802	30,884
Current assets	**61,027**	80,772	74,012	103,109	79,893
Total assets	**1,791,960**	1,629,525	171,723	131,911	110,777
Shareholders' funds	**1,537,642**	936,203	155,664	85,702	82,730
Minority interests	**15,656**	2,349	–	–	–
Total equity	**1,553,298**	938,552	155,664	85,702	82,730
Current liabilities	**143,819**	94,597	14,968	43,621	24,009
Non-current liabilities	**94,843**	596,376	1,091	2,588	4,038
Total equity and liabilities	**1,791,960**	1,629,525	171,723	131,911	110,777