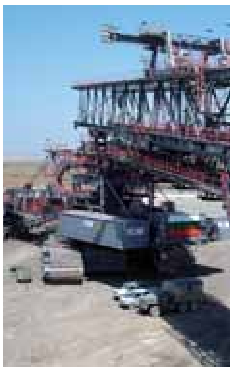
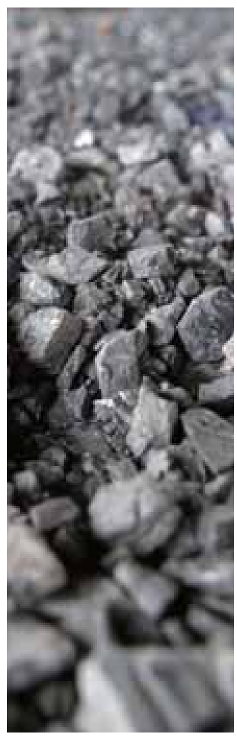
世大控股有限公司
Great World Company Holdings Ltd

(Formerly known as 大誠電訊科技有限公司 TS Telecom Technologies Limited)
(incorporated in the Cayman Islands with limited liability)
Stock Code: 8003

ANNUAL REPORT 2010





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

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

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

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

Contents

Corporate Profile

Great World Company Holdings Ltd (formerly known as T S Telecom Technologies Limited) is principally engaged in telecommunications monitoring and mineral resources businesses in the People's Republic of China. Its business comprises the assembly, distribution and integration of telecommunications products and the exploration and processing of iron ores.

On 2 October 2007, Ms. Ng Mui King, Joky, together with others, took control of the Company. She introduced a new management team, who have extensive experience in investment and management in Mainland China and possess close connections with industry players. Under the stewardship of Ms. Ng, the new management adopts pragmatic approaches to capture the investment opportunities arising from industry consolidation in natural resources as the development strategies of the Company.

An extraordinary general meeting of the Company held on 24 December 2008 approved the acquisition of 51 per cent equity interests in Feng Shan Xian Qian Xing Mining Industry Company Limited. The acquisition was completed on 20 January 2009. This move, which enables the Group to engage in mining and selling of iron ores, is one of the strategies of diversifying into mineral resources business. While broadening the Group's source of income, the new mining operations, with long-term investment value, can provide support to the overall development of the Group.

As the Group begins to diversify its business portfolio by exploring different business opportunities, the name of "T S Telecom Technologies Limited" cannot effectively reflect the business nature of the Group nor its future development. As such, the Company has changed its name to "Great World Company Holdings Ltd", and adopted the new Chinese name "世大控股有限公司" on 5 November 2008, to highlight its diversified business development.

The Company's shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 2 December 1999.

Chairman's Statement

Dear Shareholders:

The Group posted a loss of approximately HK$6,150,000 for the current fiscal year compared with a loss of approximately HK$11,887,000 for the last fiscal year. We had been encountering enormous pressure from customers for concession in pricing and payment terms, especially towards the end of the year as the competition intensified. Nonetheless, we believe our firm focus in customer services and technology innovation will provide us a pathway to re-ignite our competitive edges.

BUSINESS REVIEW

The Group continued to operate under increasing competition from domestic telecom manufacturing suppliers in the mainland. While the Group had addressed the competition by way of offering customized versions of our base station monitoring systems to suit specific customer needs, the intensified competition and delay in business activity due to continued restructuring of the telecommunications bureau and policies had adversely affected the Group's business momentum in the market place.

The Group completed its acquisition of 51% of the entire issued capital of Feng Shan Xian Qian Xing Mining Industry Company Limited on 20 January 2009, the principal activities of which are the exploration, mining and processing of iron.

PROSPECT

To sum up, we anticipate that the competition of telecom monitoring equipment market would continue to intensify. The future of the Group will rest on our ability to maintain market share of monitoring equipment, the successful extraction of iron ore and selling of the raw iron at a reasonable price. Our ultimate goal is to return the Group to profitability by seeking additional investment opportunities in more promising businesses.

APPRECIATION

On behalf of the directors and officers, I would like to thank you for your continuing support of the Group.

Ng Mui King, Joky
Chairman

Hong Kong, 30 June 2010

Management Discussion and Analysis

RESULTS OF OPERATIONS

For the fiscal year ended 31 March 2010, the Group reported a total turnover of approximately HK$34,876,000 and loss attributable to owners of the Company of approximately HK$6,892,000 as compared to a turnover of approximately HK$16,808,000 and loss attributable to equity holders of the Company of approximately HK$12,081,000 in the previous year.

Our gross margin was approximately 22% for the current fiscal year as compared to a gross margin of 29% for the last fiscal year.

The Group posted a loss of approximately HK$6,150,000 for the current fiscal year, which was 48% lower than the loss incurred for the last fiscal year. The decrease of the loss was mainly attributable to increasing gross profit, other revenue and net income and share of results of associate.

During the current fiscal year, the Group continued to control costs and expenses tightly. Selling and distribution costs increased by 38% as a result of increase in turnover by 107%. Administrative and other operating expenses slightly increased by 12%, as compared with the last fiscal year.

SEGMENT INFORMATION

Sales of telecommunications products accounted for 100% of the turnover of the Group for the year ended 31 March 2010. There was no sale of iron ores for the year ended 31 March 2010 as the construction of processing factory has not yet been completed.

Mainland China Market

Business from the Mainland China accounted for 100% of the Group's turnover for the year ended 31 March 2010.

TELECOMMUNICATIONS PRODUCTS

The turnover and the operating profit of telecommunications products for the current year was approximately HK$34,876,000 and approximately HK$6,666,000, respectively, as compared to the turnover and operating loss of approximately HK$16,808,000 and approximately HK$2,534,000, respectively for the preceding year.

During the year, the Group continued to encounter pressure from customers demanding for concession of contract terms including lower pricing and longer payment period, causing the Group to take a longer time required to close and sign contracts. It was quite clear that the business environment of the telecommunications products in China has become unfavorable and competitive.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2010, the Group's cash balance of approximately HK$6,930,000 has increased when compared with the cash balance of approximately HK$3,030,000 of last year.

As at 31 March 2010, the Group's net current liabilities was approximately HK$869,000. The directors have taken active measures to improve the liquidity and financial position of the Group.

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi. The Group adopted a conservative treasury policy with almost all bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries 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.

GEARING RATIO

The Group's gearing ratio, which was defined as the ratio of total borrowings to total equity, reduced to 0% from 1.32% last year.

FUTURE PLANS FOR MATERIAL INVESTMENTS

As at 31 March 2010, the Group had not authorised or contracted for any capital expenditure commitments and had no future plans for material investments in capital assets.

MATERIAL ACQUISITION AND DISPOSALS

The Group did not have any material acquisitions or other disposals of major subsidiaries and affiliated companies for the year ended 31 March 2010.

CONTINGENT LIABILITIES

As at 31 March 2010, the Group did not have any material contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

Since most of the transactions of the Group were denominated in Renminbi or HK dollars, the Group did not experience any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year under review.

EMPLOYEES AND REMUNERATION POLICY

The Group reviewed employee's remuneration from time to time and salary adjustment was normally made on an annual basis. Special adjustment based on length of service and good performance could be made at any time when warranted. In addition to salaries, the Group provided employee's benefits such as medical insurance and provident fund. Share options and bonuses were also available to employees of the Group at the discretion of the directors depending upon the financial performance of the Group.

The remuneration of the directors of the Company are decided by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market information.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

Biographical Details of Directors

DIRECTORS

Executive Directors

Ms. NG Mui King, Joky, aged 47, is the chairman of the Group. Ms. Ng is responsible for the overall strategic direction of the Group. She has over 20 years of experience in telecommunications, import and export trading, accounting, finance and corporate management.

Mr. WONG Kai Tat, aged 57, is primarily responsible for development and implementation of the Group's financial strategies. Mr. Wong joined the Group as an independent non-executive director of the Company in November 1999 and was re-designated as an executive director of the Company in July 2000.

Mr. Wong is an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Wong holds a diploma in financial strategy with distinction from University of Oxford, an LLB (Honours) degree from the University of Hong Kong, a bachelor's degree of business administration from the University of Iowa, U.S.A., a master of business administration degree from the University of Strathclyde, Scotland, a master of applied finance degree from Macquarie University, Australia, a master of corporate finance degree from Hong Kong Polytechnic University and an honorary doctor of law degree from Armstrong University in the U.S.A.

Mr. Wong Kai Tat is currently an independent non-executive director of Trasy Gold Ex Limited and Shenyang Public Utility Holdings Company Limited, both of which are listed on The Stock Exchange of Hong Kong Limited.

Mr. HE Zhi Ming, aged 70, joined the Group as executive director in May 2008. He resigned as director with effect from 4 December 2009.

Mr. TONG Wang Shun, aged 68, joined the Group as executive director on 4 December 2009. Mr. Tong has over 30 years of experiences in shipping, property investment and corporate management. He is the director of Pan Air and Sea Forwarder (HK) Ltd., Top Nation Shipping Ltd., Profit Transports Ltd. and Asian Fruits Ltd.

Ms. ZENG Jieping, aged 33, was appointed as executive director on 10 May 2010. She has many years of experience in marketing, finance and corporate management. She holds a bachelor's degree of arts from Jinan University (暨南大學) of the People's Republic of China and a master's degree of management studies from the University of Waikato, Hamilton of New Zealand.

Non-Executive Director

Mr. PONG Shing Ngai, aged 62, joined the Group as non-executive director in May 2008. He has over 27 years of experience in trading, information system and corporate management.

Independent Non-Executive Directors

Mr. CHUNG Koon Yan, aged 46, joined the Group as independent non-executive director in May 2008. He is a practicing member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and an associate member of The Institute of Chartered Accountants in England and Wales. He graduated from the Hong Kong Polytechnic University with a Master's Degree in Professional Accounting. Mr. Chung Koon Yan is a director of Chiu, Choy & Chung CPA Ltd. and has more than 18 years' experience in accounting, auditing and taxation. Mr. Chung Koon Yan is currently an independent non-executive director of China Financial Leasing Group Limited and Trasy Gold Ex Limited, both of which are listed on The Stock Exchange of Hong Kong Limited.

Ms. HUI Sin Man, Alice, aged 47, was appointed as an independent non-executive director of the Company since 30 September 2004. Ms. Hui has many years of experience in handling administration and company secretarial matters.

Mr. CHUNG Kam Fai, Raymond, aged 60, joined the Group as independent non-executive director on 9 May 2008. He has over 21 years of experience in telecom, corporate management and finance. He ceased to be a director with effect from 9 May 2010.

Mr. NG Edwin, aged 31, joined the Group as independent non-executive director on 10 May 2010. Mr. Ng has many years of experience in information technology, finance and fund management. He holds a bachelor's degree of information technology and a master's degree of information technology from the Queensland University of Technology, Australia.

Corporation Information

BOARD OF DIRECTORS

Executive Directors

Ms. Ng Mui King, Joky (Chairman)
Mr. Wong Kai Tat
Mr. He Zhi Ming (resigned on 4 December 2009)
Mr. Tong Wang Shun (appointed on 4 December 2009)
Ms. Zeng Jieping (appointed on 10 May 2010)

Non-Executive Director

Mr. Pong Shing Ngai

Independent Non-Executive Directors

Ms. Hui Sin Man, Alice
Mr. Chung Koon Yan
Mr. Chung Kam Fai, Raymond (ceased on 9 May 2010)
Mr. Ng Edwin (appointed on 10 May 2010)

COMPANY SECRETARY

Mr. Wong Kai Tat C.A. (Aust.)

AUTHORISED REPRESENTATIVES

Mr. Wong Kai Tat
Ms. Ng Mui King, Joky (Mr. Li Tak Lai as her alternative)

COMPLIANCE OFFICER

Mr. Wong Kai Tat C.A. (Aust.)

AUDIT COMMITTEE

Mr. Chung Koon Yan
Ms. Hui Sin Man, Alice
Mr. Chung Kam Fai, Raymond (ceased on 9 May 2010)
Mr. Ng Edwin (appointed on 10 May 2010)

REMUNERATION COMMITTEE

Ms. Hui Sin Man, Alice
Ms. Ng Mui King, Joky (Mr. Wong Kai Tat as her alternative)
Mr. Chung Kam Fai, Raymond (ceased on 9 May 2010)
Mr. Ng Edwin (appointed on 10 May 2010)

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 1803–1804
18/F, Chinachem Tower
34–37 Connaught Road Central
Hong Kong

PRINCIPAL BANKERS

Wing Lung Bank Ltd., Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
P.O. Box 705, Butterfield House
68 Fort Street, George Town
Grand Cayman, Cayman Islands

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Hong Kong Registrars Limited
17M/F, Hopewell Centre
183 Queen's Road East, Hong Kong

AUDITORS

Lo & Lo CPA Limited
Certified Public Accountants
Room 2111, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISER

As to Cayman Islands Law:

Maples and Calder Asia
Suite 1504
One International Finance Centre
1 Harbour View Street
Hong Kong

As to Hong Kong Law:

Hastings & Co.
5th Floor
Gloucester Tower, The Landmark
11 Pedder Street, Central
Hong Kong

STOCK CODE

8003

WEBSITE OF THE COMPANY

http://www.gwchl.com

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules during the year under review:

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms pursuant to the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, the Company's directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the directors throughout the year ended 31 March 2010.

BOARD OF DIRECTORS

The current Board of Directors comprises of four executive directors, namely, Ms. Ng Mui King, Joky acting as chairman of the Board, Mr. Wong Kai Tat, Mr. Tong Wang Shun and Ms. Zeng Jieping; one non-executive director, namely Mr. Pong Shing Ngai; three independent non-executive directors, namely, Ms. Hui Sin Man, Alice, Mr. Chung Koon Yan and Mr. Ng Edwin.

Details of backgrounds and qualifications of the chairman of the Company and the other directors are set out in this annual report. All directors have given sufficient time and attention to the affairs of the Group. Each executive director has sufficient experience to hold the position so as to carry out her/his duties effectively and efficiently. There is no relationship among the members of the Board of Directors.

The Board of Directors is responsible for corporate strategy, annual and interim results, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specially delegated by the Board of Directors to the management include the preparation of annual, interim and quarterly accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the Board of Directors, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

NON-EXECUTIVE DIRECTOR

The non-executive director of the Company has been appointed for a term of 2 years and 11 months, from 9 May 2008 to 8 April 2011.

Corporate Governance Report

BOARD MEETINGS

The Board of Directors held a board meeting for each quarter in every year. Apart from the regular board meetings of the year, the Board of Directors will meet on other occasions when a board-level decision on a particular matter is required.

Details of the attendance of the meetings of the Board of Directors for the fiscal year 2010 are as follows:

Directors	Attendance
Executive Directors	
Ms. Ng Mui King, Joky *(Chairman)*	9/9
Mr. Wong Kai Tat	9/9
Mr. He Zhi Ming (resigned on 4 December 2009)	3/9
Mr. Tong Wang Shun (appointed on 4 December 2009)	5/9
Non-Executive Director	
Mr. Pong Shing Ngai	9/9
Independent Non-Executive Directors	
Mr. Chung Koon Yan	9/9
Ms. Hui Sin Man, Alice	9/9
Mr. Chung Kam Fai, Raymond (ceased on 9 May 2010)	9/9

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under A.2.1 of the Code, "the roles of chairman and chief executive officer should be separate and should not be performed by the same individual". Ms. Ng Mui King, Joky concurrently takes up the post of chairman whereas the chief executive officer of the Company is vacant.

REMUNERATION COMMITTEE

A remuneration committee was established on 11 November 2005 with written terms of reference in accordance with the code provision B.1.1 of the Code of Corporate Governance Practices. The remuneration committee comprises one executive director, namely, Ms. Ng Mui King, Joky (Mr. Wong Kai Tat as her alternate) and the two independent non-executive directors, namely Mr. Chung Kam Fai, Raymond and Ms. Hui Sin Man, Alice (chairman of the remuneration committee). On 9 May 2010, Mr. Chung Kam Fai, Raymond ceased to be the member of the committee. Mr. Ng Edwin was appointed to the committee on 10 May 2010.

The principal responsibilities of the remuneration committee include formulation of the remuneration policy, review and recommending to the Board the annual remuneration policy, and determination of the remuneration of the directors and the senior management.

The remuneration committee held 3 meetings during the year and reviewed the remuneration package offered to the Company's directors and senior management. Details of the attendance of the remuneration committee meetings are as follows:

Members	Attendance
Ms. Hui Sin Man, Alice *(Chairman)*	3/3
Ms. Ng Mui King, Joky	3/3
Mr. Chung Kam Fai, Raymond	3/3

AUDITORS' REMUNERATION

Remuneration paid and payable to the auditors of the Company in respect of their services for the year ended 31 March 2010 are as follows:

Services rendered	HK$'000
Audit services	280
Non-audit services	170

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely Mr. Chung Koon Yan (chairman of the audit committee), Ms. Hui Sin Man, Alice and Mr. Chung Kam Fai, Raymond. Mr. Chung Kam Fai, Raymond ceased to be the member of the committee on 9 May 2010. Mr Ng Edwin was appointed to the audit committee on 10 May 2010. On 11 November 2005, the Company adopted new terms of reference for the audit committee to include such duties as stipulated in code provision C.3.3 of the CG Code.

The primary duties of the audit committee are to review and supervise the financial report process and internal control system of the Group and to review the Company's annual reports and financial statements, and interim and quarterly reports and the connected transactions. The audit committee had reviewed the draft of this annual report as well as the interim and quarterly reports of the Group and had provided advice and comments thereon.

The audit committee held 4 meetings during the year under review. Details of the attendance of the audit committee meetings are as follows:

Members	Attendance
Mr. Chung Koon Yan *(Chairman)*	4/4
Ms. Hui Sin Man, Alice	4/4
Mr. Chung Kam Fai, Raymond	4/4

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of a candidate to act as a director, and approving and terminating the appointment of a director. The Company has not set up any nomination committee during the year.

The chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The chairman will propose the appointment of such candidates to each member of the Board for consideration and each member of the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of his qualifications, experience and background. The decision of appointing a director must be approved unanimously by the members of the Board and make recommendation to the shareholders' meeting for approval, if necessary.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The directors also ensure the timely publication of the financial statements of the Group.

The statement of the external auditors of the Company, Lo & Lo CPA Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 20 to 21 of this annual report.

INTERNAL CONTROL

The Board is responsible for the Group's internal control system and for reviewing its effectiveness. During the year ended 31 March 2010, the Board has not identified any material deficiencies and considered the Group's internal control system is effective and adequate.

INVESTOR RELATIONS

The Company has disclosed all necessary information to the shareholders in compliance with GEM Listing Rules. The directors host an annual general meeting each year to meet the shareholders and answer their enquiries.

PUBLIC FLOAT

The Board's knowledge of the public float is based on information publicly available to the Company. As at the date of this report, over 25% of the total issued share capital of the Company was held by the public.

THE BOARD'S STATEMENT

The Company believes that good corporate governance reflects a high quality of management and operations of the Group's operations and business. Good corporate governance can safeguard the proper use of funds and effective allocation of resources which in turn, protect the interests of the shareholders. The management recognises the importance of a good corporate governance practice and will use its best endeavours to maintain, strengthen and improve the standard and quality of the Group's corporate governance.

Report of the Directors

The directors submit their report together with the audited financial statements of Great World Company Holdings Ltd (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 38 to the financial statements.

An analysis of the Group's performance for the year by segments is set out in note 13 to the financial statements.

RESULTS AND APPROPRIATIONS

The operating results of the Group for the year are set out in the consolidated income statement on page 22.

The directors do not recommend the payment of a dividend.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 29 to the financial statements.

DONATIONS

There were no charitable and other donations made by the Group during the year.

PROPERTY, PLANT AND EQUIPMENT

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

PRINCIPAL PROPERTIES

During the year, the Group had no principal properties held for development and/or sale and for investment purposes.

BORROWINGS

Details of the Group's borrowings are set out in note 24 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for each of the last five financial years is set out on page 80.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 28 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the its shares during the year.

DISTRIBUTABLE RESERVES

At 31 March 2010, the Company did not have any reserves available for distribution to shareholders of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's memorandum and articles of association and there is no restriction against such rights under the laws of Cayman Islands which would oblige the Company to offer new shares on a prorate basis to existing shareholders.

SHARE OPTIONS

The Company

In view of the amendments in September, 2001 for Chapter 23 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules") regarding the share option schemes of the listed issuers, the old share option scheme of the Group which was approved on 18 November 1999 was terminated and a new share option scheme ("2002 Share Option Scheme") was approved on 2 August 2002 at the annual general meeting of the Company as an incentive to eligible persons under which the Board may, at its discretion, invite (i) any director (whether executive or non-executive, including any independent non-executive director), employee (whether full time or part time) of, or any individual for the time being seconded to work for the Company and/or any of its subsidiaries and/or any entity ("Invested Entity") in which the Company and/or any of its subsidiaries holds any equity interest either directly or indirectly; (ii) any holder of legal and/or beneficial title of any securities issued by the Company and/or any subsidiary and/or any Invested Entity; (iii) any business or joint venture partner, contractor, subcontractor, agent, sub-agent of, any person or entity providing research, development and/or other technological support and/or advisory, consultancy, professional services to, any supplier of goods and/or services, customer or distributor of, the Company and/or any subsidiary and/or any Invested Entity either directly or indirectly, to take up options to subscribe for shares in the Company at a price to be determined by the Board which will be at least the higher of (a) the closing price of the shares on the GEM in the Stock Exchange daily quotations sheet on the grant date, or (b) the average of the closing prices of the shares on GEM as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date, provided that the subscription price shall not be lower than the par or nominal value of the shares.

The maximum number of shares in respect of which options may be granted (together with shares issued pursuant to options exercised and shares in respect of which any options remain outstanding) under the 2002 Share Option Scheme of the Company may not exceed 10% of the issued share capital of the Company from time to time, excluding for this purpose shares issued on exercise of options granted pursuant to the 2002 Share Option Scheme.

No option may be granted under a share option scheme which would result in the aggregate number of shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Share Option Scheme and any other share option schemes of the Company exceeding 30% of the shares in issue from time to time.

No option may be granted to any eligible person which would cause the aggregate number of shares already issued and to be issued upon exercise of options granted to such eligible person under the 2002 Share Option Scheme and any other share option schemes of the Company (including cancelled, exercised and outstanding options) in any 12-month period up to the date on which the option is granted exceeding 1% of the shares in issue for the time being. Any further grant of options in excess of the individual limit may be made only with the separate approval of the shareholders in general meeting with the eligible person and his associates abstaining from voting. The number and terms of the options to be granted (including the option price) shall be fixed before shareholders' approval and the Company shall send a circular to the shareholders which shall contain the information required by the GEM Listing Rules.

The offer of a grant of share options may be accepted within 28 days from the date of the offer with payment of consideration of HK$10.00 by the grantee. Each option gives the holder the right to subscribe for one share at the relevant exercise price.

Share options may be exercised during the period commencing on the date on which the option is granted, and shall expire at the end of the ten-year period or 2 August 2012, whichever is earlier.

No option had been granted since the date of adoption of the 2002 Share Option Scheme other than those options granted on 29 February 2008. The following table discloses movements of the Company's share options granted under the 2002 Share Option Scheme for the year ended 31 March 2010:

Grantee	Date of grant	Exercise price HK$	Exercise period	Outstanding as at 1 April 2009 '000	Granted during the year '000	Exercised during the year '000	Outstanding as at 31 March 2010 '000
Directors							
Ms. NG Mui King, Joky	29/2/2008	0.319	29/2/2008 to 2/8/2012	338	–	–	338
Mr. WONG Kai Tat	29/2/2008	0.319	29/2/2008 to 2/8/2012	3,380	–	–	3,380
Ms. HUI Sin Man, Alice	29/2/2008	0.319	29/2/2008 to 2/8/2012	338	–	–	338
Sub-total				4,056	–	–	4,056
Employees	29/2/2008	0.319	29/2/2008 to 2/8/2012	3,380	–	–	3,380
Total				7,436	–	–	7,436

The closing share price immediately before the date on which the share options were granted was HK$0.29.

The fair value of the share options granted was HK$0.095 per option and the Group recognized a share option expense of approximately HK$706,420 during the year ended 31 March 2008.

The fair value of equity-settled share options granted was estimated as at the date of grant, using the Binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs into the model used:

Expected volatility:	60.39%
Risk-free interest rate:	1.888%
Expected life of option:	4.43 years

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the share options granted was incorporated into the measurement of fair value.

No share options were granted during the year ended 31 March 2010.

DIRECTORS

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

Executive directors

Ms. Ng Mui King, Joky	
Mr. Wong Kai Tat	
Mr. He Zhi Ming	(resigned on 4 December 2009)
Mr. Tong Wang Shun	(appointed on 4 December 2009)
Ms. Zeng Jieping	(appointed on 10 May 2010)

Non-executive director

Mr. Pong Shing Ngai

Independent non-executive directors

Ms. Hui Sin Man, Alice	
Mr. Chung Koon Yan	
Mr. Chung Kam Fai, Raymond	(ceased on 9 May 2010)
Mr. Ng Edwin	(appointed on 10 May 2010)

The Company has received written confirmations from all independent non-executive directors pursuant to GEM Listing Rule 5.09 and therefore consider all independent non-executive directors to be independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the current directors and senior management are set out on page 6.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming Annual General Meeting has an expired service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed for directors' service contracts, no other contracts of significance in relation to the Group's business to which the Company, its subsidiaries or its holding company 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2010, the interests of the directors and chief executive of the Company and short positions in the shares, the underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

(1) Long position in shares of the Company

	Number of ordinary shares of HK$0.1 each					
Director	Personal interest	Family interest	Corporate interest	Other interest	Total number of shares	Approximate percentage holding of shares %
As at 31 March 2010:						
Ms. Ng Mui King, Joky (Note 1)	–	–	168,960,000	–	168,960,000	34.74

Note:

1. These shares were held by Gold City Assets Holdings Ltd. which was owned as to 51% by Ms. Ng Mui King, Joky and as to 49% by Fine Day Asset Holdings Inc.

(2) Long position in shares of associated corporation

Director	Associated corporation	Nature of interests	Total number of shares	Approximate percentage holding of shares %
Ms. Ng Mui King, Joky	Gold City Assets Holdings Ltd.	Personal	51	51

(3) Long position in the underlying shares of the Company's share options

Director	Personal interest	Family interest	Corporate interest	Other interest	Description of securities	Total number of underlying shares	Approximate percentage of interests %
Ms. Ng Mui King, Joky	338,000	–	–	–	Share options	338,000	0.07
Mr. Wong Kai Tat	3,380,000	–	–	–	Share options	3,380,000	0.70
Ms. Hui Sin Man, Alice	338,000	–	–	–	Share options	338,000	0.07

Save as disclosed above, none of the directors and the chief executive of the Company has interests and short positions in the shares, the underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the period under review was any of the Company, its subsidiaries or holding company a party to any arrangements to enable the directors or chief executives (including their spouses or children under 18 years of age) of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTEREST DISCLOSABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 March 2010, the interest of the shareholders in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

(1) Long position in shares of the Company

Name of shareholder	Capacity	Total number of shares of HK$0.1 each	Approximate percentage holding of shares %
Gold City Assets Holdings Ltd. (Note 1)	Beneficial Owner	168,960,000	34.74
Fine Day Asset Holdings Inc. (Note 1)	Interest of a controlled corporation	168,960,000	34.74
Ms. Ng Mui King, Joky (Note 1)	Interest of a controlled corporation	168,960,000	34.74
Mr. Tong Wang Chow	Beneficial Owner	36,952,000	7.60

Note:

1. The shares are held by Gold City Assets Holdings Ltd. which is owned as to 51% by Ms. Ng Mui King, Joky and as to 49% by Fine Day Asset Holdings Inc. Ms. Ng Mui King, Joky, an executive director of the Company, is also a director of Gold City Assets Holdings Ltd.

(2) Long position in the underlying shares of the Company

Name of shareholder	Type of interests	Description of securities	Number of underlying shares	Approximate percentage of interests %
Ms. Ng Mui King, Joky	Beneficial	Share options	338,000	0.07

(3) Other members of the Group

Name of subsidiary	Name of shareholder	Approximate percentage of shareholding %
鳳山縣黔興礦業有限責任公司 (Feng Shan Xian Qian Xing Mining Industry Company Limited)	王富家先生 (Mr. Wong Fu Jia)	49

Save as disclosed above, the directors and the chief executives of the Company are not aware that there is any person (other than a director or chief executive of the Company) who, as at 31 March 2010, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of its independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive directors are independent.

COMPETING INTEREST

None of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) has, at any material time, an interest in a business that competed with or might compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year attributable to the Group's major customers are as follows:

Sales	
– the largest customer	35%
– five largest customers combined	98%
Purchases	
– the largest supplier	41%
– five largest suppliers combined	74%

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

CONNECTED TRANSACTION

王富家 ("Mr. Wong"), a shareholder of 鳳山縣黔興礦業有限責任公司 ("Feng Shan"), provided a profit guarantee, as per an agreement dated 15 October 2008 entered into by China Score International Holdings Limited ("China Score"), a wholly-owned subsidiary of the Company, and Mr. Wong, that Feng Shan's audited net profit after tax, as prepared under the International Accounting Standards, for each of the two years ending 31 December 2009 and 2010 shall be at least RMB10 million. On 26 January 2010, China Score and Mr. Wong entered into a second supplemental agreement (the "Second Supplemental Agreement"), which was then approved by shareholders of the Company at an extraordinary general meeting held on 19 March 2010, to defer the profit guarantee of Feng Shan, provided by Mr. Wong, of not less than RMB10 million for each of the two years ending 31 December 2009 and 2010 to the two years ending 31 December 2010 and 2011, at a compensation of RMB300,000 to be paid by Mr. Wong to China Score; details of the second supplemental agreement are set out in a circular issued by the Company to its shareholders on 12 February 2010.

The Second Supplemental Agreement constituted a connection transaction under the definition of Chapter 20 of the GEM Listing Rules of which the Company has complied with the disclosure requirements.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company confirmed that, having made specific enquiry from all directors, the directors have complied with the required standard of dealings and its code of conduct regarding securities transactions by directors for the year ended 31 March 2010.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. As at 31 March 2010, the audit committee comprised of three independent non-executive directors, Ms. Hui Sin Man, Alice, Mr. Chung Kam Fai, Raymond and Mr. Chung Koon Yan (chairman). The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and to review the Company's annual reports and financial statements, and interim and quarterly reports and the connected transactions. The audit committee has met four times for the financial year ended 31 March 2010.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 March 2010 were audited by LO & LO CPA LIMITED who were appointed as the Company's auditors on 19 May 2010 to fill the casual vacancy arising from the resignation of PAN-CHINA (H.K.) CPA LIMITED on 18 May 2010.

NCN CPA LIMITED (now known as PAN-CHINA (H.K.) CPA LIMITED), who audited the consolidated financial statements of the Group for the year ended 31 March 2009, were appointed as the Company's auditors on 18 December 2008 to fill the casual vacancy arising from the resignation of PATRICK NG & COMPANY, who audited the consolidated financial statements of the Group for the year ended 31 March 2008, on the same date.

Save as disclosed above, there have been no other changes of auditors for the preceding three years.

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint LO & LO CPA LIMITED as auditors of the Company.

On behalf of the Board
Ng Mui King, Joky
Chairman

Hong Kong, 30 June 2010

Independent Auditors' Report

TO THE SHAREHOLDERS OF
GREAT WORLD COMPANY HOLDINGS LTD
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of GREAT WORLD COMPANY HOLDINGS LTD (the "Company") and its subsidiaries (the "Group") set out on pages 22 to 79, which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the 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 financial statements.

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

Independent Auditors' Report

OPINION

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

LO & LO CPA LIMITED
Certified Public Accountants
Ng Hoi Yue Herman
Practising Certificate Number: P01554

Room 2111, Wing On Centre,
111 Connaught Road Central,
Hong Kong,
Hong Kong S.A.R., China

Date: 30 June 2010

Consolidated Income Statement

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Turnover	5(a)	**34,876**	16,808
Cost of sales		**(27,147)**	(11,986)
Gross profit		**7,729**	4,822
Other revenue and net income	5(b)	**7,584**	4,694
Selling and distribution costs		**(1,754)**	(1,272)
Administrative and other operating expenses		**(21,905)**	(19,473)
Finance costs	6	**(16)**	(18)
Share of results of associate		**1,904**	1,350
Impairment losses on interests in associate		**–**	(1,968)
Loss before tax	7	**(6,458)**	(11,865)
Income tax	8	**308**	(22)
LOSS FOR THE YEAR		**(6,150)**	(11,887)
Loss for the year attributable to:			
Owners of the Company		**(6,892)**	(12,081)
Non-controlling interests		**742**	194
		(6,150)	(11,887)
Dividend	10	**–**	–
Loss per share	11		
– Basic		**1.50 cents**	3.12 cents
– Diluted		**N/A**	N/A

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
Loss for the year		**(6,150)**	(11,887)
Other comprehensive income:			
Exchange difference arising on translation of foreign operations		**102**	465
Merger difference written off		**–**	250
		102	715
Total comprehensive income for the year		**(6,048)**	(11,172)
Total comprehensive income attributable to:			
Owners of the Company		**(6,796)**	(11,493)
Non-controlling interests		**748**	321
		(6,048)	(11,172)

Consolidated Statement of Financial Position

As at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**3,034**	2,053
Goodwill	15	**10,335**	10,305
Other intangible assets	16	**864**	976
Interests in associate	17	**18,015**	16,061
Deferred tax assets	27	**486**	–
		32,734	29,395
CURRENT ASSETS			
Inventories	20	**11,589**	5,512
Trade and other receivables	21	**15,244**	8,277
Cash and bank deposits	23	**6,930**	3,030
		33,763	16,819
CURRENT LIABILITIES			
Borrowings	24	**–**	(235)
Trade and other payables	25	**(29,075)**	(24,813)
Amounts due to directors	26	**(5,557)**	(3,402)
		(34,632)	(28,450)
NET CURRENT LIABILITIES		**(869)**	(11,631)
NET ASSETS		**31,865**	17,764
CAPITAL AND RESERVES			
Share capital	28	**48,631**	40,631
Reserves	29	**(18,831)**	(24,184)
Equity attributable to owners of the Company		**29,800**	16,447
Non-controlling interests		**2,065**	1,317
EQUITY		**31,865**	17,764

Approved and authorised for issue by the board of directors on 30 June 2010

NG Mui King, Joky
Director

WONG Kai Tat
Director

Statement of Financial Position

As at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**84**	116
Investments in subsidiaries	18	**1**	1
Amounts due from subsidiaries	19	**26,514**	18,580
		26,599	18,697
CURRENT ASSETS			
Trade and other receivables	21	**235**	227
Cash and bank deposits	23	**587**	34
		822	261
CURRENT LIABILITIES			
Trade and other payables	25	**(1,410)**	(2,273)
Amounts due to directors	26	**(5,557)**	(3,396)
		(6,967)	(5,669)
NET CURRENT LIABILITIES		**(6,145)**	(5,408)
NET ASSETS		**20,454**	13,289
CAPITAL AND RESERVES			
Share capital	28	**48,631**	40,631
Reserves	29	**(28,177)**	(27,342)
EQUITY		**20,454**	13,289

Approved and authorised for issue by the board of directors on 30 June 2010

NG Mui King, Joky
Director

WONG Kai Tat
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	PRC statutory reserves HK$'000	Merger difference HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2008	33,860	96,898	706	3,808	(250)	3,112	(129,999)	8,135	–	8,135
Total comprehensive income for the year	–	–	–	–	250	338	(12,081)	(11,493)	321	(11,172)
Shares issued pursuant to a placing agreement	6,771	13,544	–	–	–	–	–	20,315	–	20,315
Cost attributable to issue of new shares	–	(510)	–	–	–	–	–	(510)	–	(510)
Non-controlling interests arising on business combination	–	–	–	–	–	–	–	–	996	996
At 31 March 2009 and 1 April 2009	40,631	109,932	706	3,808	–	3,450	(142,080)	16,447	1,317	17,764
Total comprehensive income for the year	–	–	–	–	–	96	(6,892)	(6,796)	748	(6,048)
Shares issued pursuant to a subscription agreement	8,000	13,200	–	–	–	–	–	21,200	–	21,200
Cost attributable to issue of new shares	–	(1,051)	–	–	–	–	–	(1,051)	–	(1,051)
At 31 March 2010	48,631	122,081	706	3,808	–	3,546	(148,972)	29,800	2,065	31,865

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(6,458)**	(11,865)
Adjustments for:		
Interest income	**(9)**	(12)
Finance costs	**16**	18
Depreciation and amortisation	**327**	129
Share of results of associate	**(1,904)**	(1,350)
Loss on disposal of property, plant and equipment	**1**	–
Reversal of impairment loss on trade and other receivables	**(2,390)**	(6)
Reversal of write-down of inventories	**–**	(594)
Net income arising from waiver of amounts due from/to related companies	**–**	(1,512)
Merger difference written off	**–**	250
Impairment loss on interests in associate	**–**	1,968
Impairment loss on trade and other receivables	**828**	2,321
Write-down of inventories	**900**	3,674
Operating loss before movements in working capital	**(8,689)**	(6,979)
Increase in inventories	**(6,977)**	(4,086)
Increase in trade and other receivables	**(5,405)**	(2,626)
Increase in trade and other payables	**4,196**	6,405
Increase/(decrease) in amounts due to directors	**2,155**	(5,736)
Cash used in operations	**(14,720)**	(13,022)
Tax paid	**(112)**	(22)
NET CASH USED IN OPERATING ACTIVITIES	**(14,832)**	(13,044)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on bank deposits	**9**	12
Purchase of property, plant and equipment	**(1,187)**	(248)
Acquisition of subsidiaries (note 32)	**–**	(4,318)
NET CASH USED IN INVESTING ACTIVITIES	**(1,178)**	(4,554)

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans	**(235)**	(64)
Proceeds from issue of ordinary shares	**20,149**	19,805
Interest and other finance expenses paid	**(16)**	(18)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**19,898**	19,723
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,888**	2,125
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**3,030**	824
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**12**	81
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**6,930**	3,030
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank deposits	**6,930**	3,030

As at 31 March 2010, the Group had cash and bank deposits denominated in Renminbi of approximately HK$5,969,000 (2009: HK$2,559,000). The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

Notes to the Financial Statements

For the year ended 31 March 2010

1. GENERAL INFORMATION

GREAT WORLD COMPANY HOLDINGS LTD (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of this annual report.

These financial statements are presented in Hong Kong dollars, the functional currency of the Company.

The principal activities of the Company and its subsidiaries (the "Group") are investment holding, the assembly, distribution and integration of telecommunications products and the exploration, mining and processing of iron.

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 to standards and interpretations ("New and Revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

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

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

The application of the New HKFRSs has no material impact on the Group's financial statements, for those New HKFRSs that are consistent with policies already adopted by the Group, except as discussed below.

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

The Improvements to HKFRSs comprise a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments. Of these, amendments to HKAS 28 *Investments in Associates* have resulted in changes to the Group's accounting policies as to impairment losses recognised in respect of the associates and jointly controlled entities carried under the equity method that are no longer allocated to the goodwill inherent in that carrying value. As a result, when there has been a favourable change in the estimates used to determine the recoverable amount, the impairment loss will be reversed. Previously, the Group allocated impairment losses to goodwill and, in accordance with the accounting policy for goodwill, did not consider the loss to be reversible. In accordance with the transitional provisions in the amendments, this new policy will be applied prospectively to any impairment losses that arise in the current or future periods and previous periods have not been restated.

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

HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management. Corresponding amounts have been provided on a basis consistent with the revised segment information being identified and presented.

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

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[(1)]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[(2)]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[(6)]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[(1)]
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters[(3)]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[(5)]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions[(3)]
HKFRS 3 (Revised)	Business Combinations[(1)]
HKFRS 9	Financial Instruments[(8)]
HKAS 24 (Revised)	Related Party Disclosures[(7)]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[(1)]
HKAS 32 (Amendments)	Classification of Rights Issues[(4)]
HKAS 39 (Amendments)	Eligible Hedged Items[(1)]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of Minimum Funding Requirement[(7)]
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 1 July 2009
(2) Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
(3) Effective for annual periods beginning on or after 1 January 2010
(4) Effective for annual periods beginning on or after 1 February 2010
(5) Effective for annual periods beginning on or after 1 July 2010
(6) Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
(7) Effective for annual periods beginning on or after 1 January 2011
(8) Effective for annual periods beginning on or after 1 January 2013

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

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which collectively include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. These financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These financial statements have been prepared using the historical cost basis, except for certain financial instruments which are measured at fair values.

A summary of the significant accounting policies adopted by the Group is set out below.

(a) Basis of consolidation

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

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

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

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

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

(b) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Business combinations (continued)

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

The non-controlling interests in the acquiree are initially measured at the proportion attributable to the non-controlling interests in respect of the net fair value of the assets, liabilities and contingent liabilities recognised.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associate or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Capitalised goodwill on acquisitions of subsidiaries is presented separately.

For the purpose of impairment testing, goodwill 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. Cash-generating units to which goodwill has been allocated are tested for impairment annually, and whenever there is an indication that the unit(s) may be impaired. If the recoverable amount of the cash-generating unit(s) is less than the carrying amount of the unit(s), the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit(s) first, and then to the other assets of the unit(s) pro-rata on the basis of the carrying amount of each asset in the unit(s). Any impairment for goodwill is recognised directly in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, an associate or a jointly controlled entity, the attributable carrying amount of capitalised goodwill is included in the determination of the amount of gain or loss on disposal.

(d) Investments in subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less any impairment losses, unless it is classified as held for sale.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investments in associates and jointly controlled entities

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

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or the Company and other parties, where the contractual arrangement establishes that the Group or the Company and one or more of the other parties share joint control over the economic activity of the entity.

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

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

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interests in the associate or jointly controlled entity, except where unrealised losses provide evidence of an impairment of the assets transferred, in which case they are recognised immediately in profit or loss.

In the Company's statement of financial position, investments in associates and jointly controlled entities are stated at cost less any impairment losses, unless it is classified as held for sale.

(f) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' (disposal groups') previous carrying amount and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Revenue recognition

Revenue, which is measured at the fair value of the consideration received or receivable, is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably, on the following bases:

(i) Sales income is recognised when goods are delivered and title has passed.

(ii) Service income is recognised when services are rendered.

(iii) Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding using the effective interest method.

(iv) Dividend income from equity investments is recognised when the shareholders' rights to receive payment have been established.

(h) Leases

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 at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position 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 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 recognised as a reduction of rental expense over the lease term on a straight-line basis.

(i) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Hong Kong dollars, the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period in which they arise, except for exchange differences arising on a monetary item forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. 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 and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Hong Kong dollars using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are included in the translation reserve as a separate component of equity. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate prevailing on the reporting date. Exchange differences arising are included in the translation reserve.

(j) Borrowing costs

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

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

(k) Employee benefits

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

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.

Share options granted to employees are accounted for in accordance with the policies set out in note 3(t)(i)(1).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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 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 financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the 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.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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 is realised, based on tax rates 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.

(m) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment, after taking into account of their estimated residual value, if any, using the straight-line method over their estimated useful lives commencing on the date of completion of the asset for its intended use, at the following rates:–

Buildings	Over the unexpired lease terms of land on which the building is erected
Leasehold improvements	10% to 25%
Furniture and equipment	5% to 25%
Motor vehicles	10% to 25%
Plant and machinery	10% to 25%
Exploration costs	Over the unexpired term of the exploration permit

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Property, plant and equipment (continued)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Construction in progress, which represents expenditure on mineral exploration activities in area not yet reached productive stage and assets under construction, is stated at cost less impairment loss, if any. Once the exploration area enters a productive stage and when the assets are completed and ready for use, the carrying amount of the expenditure will be reclassified to relevant items within property, plant and equipment and depreciated in accordance with the policy as set out above.

(n) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalized development costs are stated at cost less accumulated amortisation and any accumulated impairment losses. Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation, where the estimated useful life is finite, and any accumulated impairment losses. Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives from the date when they are available for use. Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Impairment of tangible and intangible assets other than goodwill

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 any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under other standard, in which case the impairment loss is treated as revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Impairment losses recognised in an interim financial report prepared in compliance with HKAS 34 *Interim Financial Reporting* are not reversed at the end of the financial year to which the interim period relates even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of that financial year.

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(q) Financial instruments

Financial assets and financial liabilities are recognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial instruments (continued)

(i) Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments 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. The accounting policies adopted in respect of each category of financial assets are set out below.

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

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or

- it is a part of and identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each reporting date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain on loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial instruments (continued)

(i) Financial assets (continued)

(2) 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 receivables, loan receivables, other receivables and bank balances) are carried at amortized cost using the effective interest method, less any identified impairment losses.

(3) Held-to-maturity investments

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

(4) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. 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.

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.

(ii) Financial liabilities

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial instruments (continued)

(ii) Financial liabilities (continued)

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

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near future; or

- it is a part of and identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

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

(2) Other financial liabilities

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

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 is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial instruments (continued)

(iii) Convertible bonds

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

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

In subsequent periods, the liability component of the convertible bonds is carried at amortized cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the conversion option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortized over the period of the convertible bonds using the effective interest method.

(iv) Equity instruments

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

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

(r) Cash and cash equivalents

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial guarantees, provisions and contingent liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. At the end of the reporting period, the Group measures the financial guarantee contract at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

- the amount initially recognised less, where appropriate, cumulative amortization recognised in accordance with HKAS 18 *Revenue*.

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

Present obligation is disclosed as a contingent liability where it is not probable that an outflow of economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliably. Possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future event(s) is also disclosed as a contingent liability unless the probability of outflow of economic benefits is remote.

(t) Share-based payment transactions

(i) Equity-settled share-based payment transactions

(1) Share options granted to employees

For share options granted to employees, 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).

At each reporting date, the Group revises its estimates of the number of options that are expected to ultimately vest. The effect of the change in estimate, if any, is recognised in profit or loss with a corresponding adjustment to share options reserve.

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 options reserve will be transferred to retained profits.

(2) Share options granted to suppliers

For share options granted to suppliers in exchange for goods or services, they are measured at the fair value of the goods or services received. The fair values of the goods or services are recognised as expenses immediately, unless the goods or services qualify for recognition as assets with a corresponding adjustment to equity (share options reserve).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Share-based payment transactions (continued)

(ii) Cash-settled share-based payment transactions

For cash-settled share-based payments, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. At each reporting date, the liability is remeasured at its fair value until the liability is settled, with any changes in fair value recognised in profit or loss.

(u) Related parties

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

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

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

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

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

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

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

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

(v) Segment reporting

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgments in applying accounting policies

The critical judgments, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements are shown below.

(i) Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgment in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may effect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

(ii) Income taxes

Deferred tax is provided for using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for unused tax losses carried forward to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgment regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that a portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each reporting date and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carry forward tax losses, the asset balance will be reduced and charged to profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(b) Key sources of estimation uncertainty

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

(i) Impairment test of assets

The management determines whether an asset is impaired at least on an annual basis or where an indication of impairment exists. This requires an estimation of the value in use of the asset. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(ii) Income taxes

The management reviews the carrying amount of deferred tax assets at each reporting date and reduces the amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised. This requires an estimation of the future taxable profits. Estimating the future taxable profits requires the management to make an estimate of the expected future earnings of the Group and also to choose a suitable discount rate in order to calculate the present value of the earnings.

(iii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual value. The determination of the useful lives and residual values involve management's estimation. The management assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year the estimate is changed and the future period.

5. REVENUE

(a) Turnover

	2010 HK$'000	2009 HK$'000
Sales of goods, net of discounts and value-added tax	**34,876**	16,808

(b) Other revenue and net income

	2010 HK$'000	2009 HK$'000
Bank interest income	**9**	12
Net foreign exchange gain	**–**	5
Other service income	**4,615**	2,013
Reversal of impairment loss on trade and other receivables	**2,390**	6
Reversal of write-down of inventories	**–**	594
Sundry income	**570**	2,064
	7,584	4,694

6. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Interest and other finance expenses on unsecured borrowings wholly repayable within 5 years	**16**	18
	16	18

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:–

	2010 HK$'000	2009 HK$'000
Staff costs (including directors' remuneration)		
– salaries and other benefits	**6,732**	6,476
– contributions to defined contributions retirement benefits schemes	**144**	94
	6,876	6,570
Inventories recognised as an expense		
– carrying amount of inventories sold	**27,147**	11,986
– write-down of inventories	**900**	3,674
	28,047	15,660
Auditors' remuneration		
– audit services	**280**	300
– other services	**170**	520
Depreciation and amortisation	**327**	129
Operating lease charges in respect of land and buildings	**1,053**	873
Impairment loss on trade and other receivables	**828**	2,321

The impairment loss on trade and other receivables is included in administrative and other operating expenses disclosed in the consolidated income statement.

8. INCOME TAX

	2010 HK$'000	2009 HK$'000
Current tax:		
Hong Kong profits tax	**–**	–
PRC enterprise income tax	**(178)**	(22)
Deferred tax	**486**	–
Tax income/(expense) for the year	**308**	(22)

Hong Kong profits tax is calculated at the rate of 16.5% on the estimated assessable profit for the year. PRC subsidiaries are subject to PRC enterprise income tax at the rate of 25%. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. INCOME TAX (continued)

The tax income/(expense) for the year can be reconciled to the accounting profit/(loss) as follows:–

	2010 HK$'000	2009 HK$'000
Loss before tax and before share of results of associate	(8,362)	(13,215)
Notional tax on profit/(loss) before tax, calculated at the tax rates applicable to profit in the jurisdictions concerned	3,269	2,415
Tax effect of income not taxable	56	310
Tax effect of expenses not deductible and losses not allowable	(2,923)	(537)
Tax effect of estimated tax losses not recognised	–	(2,185)
Tax effect of other temporary differences not recognised	2	(3)
Tax under-provided in previous year	(96)	(22)
Tax income/(expense) for the year	308	(22)

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

(a) Directors' remuneration

The remuneration paid or payable to each of the 8 (2009: 7) directors are as follows:–

2010

	Fees HK$'000	Salaries and other benefits HK$'000	Share-based payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors:					
Ms. Ng Mui King, Joky	–	1,160	–	12	1,172
Mr. Wong Kai Tat	–	2,520	–	12	2,532
Mr. He Zhi Ming (Resigned on 4 December 2009)	–	446	–	–	446
Mr. Tong Wang Shun (Appointed on 4 December 2009)	–	169	–	–	169
Non-executive director:					
Mr. Pong Shing Ngai	–	198	–	9	207
Independent non-executive directors:					
Mr. Chung Kam Fai, Raymond	132	–	–	6	138
Mr. Chung Koon Yan	132	–	–	6	138
Ms. Hui Sin Man, Alice	132	–	–	6	138
	396	4,493	–	51	4,940

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' remuneration (continued)

2009

	Fees HK$'000	Salaries and other benefits HK$'000	Share-based payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors:					
Ms. Ng Mui King, Joky	–	1,040	–	12	1,052
Mr. Wong Kai Tat	–	2,520	–	12	2,532
Mr. He Zhi Ming (Appointed on 9 May 2008)	–	573	–	7	580
Non -executive director:					
Mr. Pong Shing Ngai (Appointed on 9 May 2008)	–	172	–	8	180
Independent non-executive directors:					
Mr. Chung Kam Fai, Raymond (Appointed on 9 May 2008)	115	–	–	5	120
Mr. Chung Koon Yan (Appointed on 9 May 2008)	115	–	–	5	120
Ms. Hui Sin Man, Alice	193	–	–	9	202
	423	4,305	–	58	4,786

(b) Of the 5 individuals with the highest emoluments in the Group, 4 (2009: 4) are directors of the Company whose emoluments are set out above. The emoluments of the remaining 1 (2009: 1) non-director highest paid individual(s) are as follows:–

	2010 HK$'000	2009 HK$'000
Salaries and other benefits	**650**	650
Retirement benefit scheme contributions	**12**	12
	662	662

The emoluments of the 1 (2009: 1) non-director highest paid individual(s) fell within the following band:–

	Number of individual(s) 2010	2009
Within HK$1,000,000	**1**	1

10. DIVIDEND

No dividend has been paid during the year nor proposed for the year (2009: Nil).

11. LOSS PER SHARE

The basic loss per share is calculated based on the loss attributable to owners of the Company of approximately HK$6,892,000 (2009: approximately HK$12,081,000) and the weighted average number of 458,259,205 (2009: 387,019,008) ordinary shares in issue during the year.

Diluted loss per share has not been disclosed for both years ended 31 March 2010 and 2009 as the share options outstanding had no dilutive effect while there were no dilutive potential ordinary shares.

12. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year includes a loss of approximately HK$8,305,000 (2009: HK$7,990,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's loss for the year is as follows:–

	2010 **HK$'000**	2009 HK$'000
Amount of consolidated loss attributable to equity owners dealt with in the Company's financial statements	**(8,305)**	(7,990)
Impairment loss recognised on amounts due from subsidiaries	**(4,679)**	–
Company's loss for the year (note 29(b))	**(12,984)**	(7,990)

13. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision makers that are used to make strategic decisions.

The Group has 2 reportable segments – (1) assembly, distribution and integration of telecommunications products and (2) exploration, mining and processing of iron. These segments are managed separately as they belong to different industries and require different operating systems and strategies. There were no sales and other transactions between those reportable segments for both years ended 31 March 2010 and 2009. Information regarding the Group's reportable segments is presented below.

(a) Segment revenue, profit or loss, assets, liabilities and other selected financial information

2010

	Assembly, distribution and integration of telecommunications products HK$'000	Exploration, mining and processing of iron HK$'000	Total HK$'000
Revenue from external customers	34,876	–	34,876
Interest revenue	8	1	9
Interest expense	–	8	8
Depreciation and amortisation	12	280	292
Write-down of inventories	900	–	900
Reportable segment profit/(loss)	6,666	(2,319)	4,347
Share of results of associate	1,904	–	1,904
Tax income/(expense)	(178)	486	308
Reportable segment assets	28,788	18,328	47,116
Interests in associate	18,015	–	18,015
Expenditures for reportable segment non-current assets	14	1,170	1,184
Reportable segment liabilities	20,529	7,114	27,643

13. SEGMENT INFORMATION (continued)

(a) Segment revenue, profit or loss, assets, liabilities and other selected financial information (continued)

2009

	Assembly, distribution and integration of telecommunications products HK$'000	Exploration, mining and processing of iron HK$'000	Total HK$'000
Revenue from external customers	16,808	–	16,808
Interest revenue	12	–	12
Interest expense	9	5	14
Depreciation and amortisation	16	78	94
Impairment loss on trade and other receivables	2,321	–	2,321
Write-down of inventories	3,674	–	3,674
Reportable segment loss	(2,534)	(242)	(2,776)
Share of results of associate	1,350	–	1,350
Impairment loss on interests in associate	(1,968)	–	(1,968)
Tax income/(expense)	(22)	–	(22)
Reportable segment assets	12,073	17,686	29,759
Interests in associate	16,061	–	16,061
Expenditures for reportable segment non-current assets	17	–	17
Reportable segment liabilities	10,321	5,587	15,908

Notes to the Financial Statements

For the year ended 31 March 2010

13. SEGMENT INFORMATION (continued)

(b) Reconditions of reportable segment revenues, profit or loss, assets and liabilities

	2010 HK$'000	2009 HK$'000
Revenue		
Total revenue for reportable segments	34,876	16,808
Consolidated turnover	34,876	16,808
Profit or loss		
Total profit or loss for reportable segments	4,347	(2,776)
Share of results of associate	1,904	1,350
Impairment loss on interests in associate	–	(1,968)
Unallocated interest revenue	–	1
Unallocated corporate income	342	1,891
Unallocated finance costs	(8)	(4)
Unallocated corporate expenses	(13,043)	(10,359)
Consolidated loss before tax	(6,458)	(11,865)
Assets		
Total assets for reportable segments	47,116	29,759
Interests in associate	18,015	16,061
Unallocated corporate assets	1,366	394
Consolidated total assets	66,497	46,214
Liabilities		
Total liabilities for reportable segments	27,643	15,908
Unallocated corporate liabilities	6,989	12,542
Consolidated total liabilities	34,632	28,450

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenues from external customers and (ii) the Group's property, plant and equipment, intangible assets, goodwill and interests in associate ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on (i) the physical location of the assets, in the case of property, plant and equipment, (ii) the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and (iii) the location of operations, in the case of interests in associates.

	Revenues from external customers		Specified non-current assets	
	2010 HK$'000	2009 HK$'000	2010 HK$'000	2009 HK$'000
PRC	34,876	16,808	32,650	29,279
Hong Kong	–	–	84	116
	34,876	16,808	32,734	29,395

Notes to the Financial Statements

For the year ended 31 March 2010

13. SEGMENT INFORMATION (continued)

(d) Information about major customers

The total amounts of revenues from each of the 3 (2009: 4) major customers of the Group, the revenues from each such customer amount to 10% or more of the Group's revenues, are approximately HK$12,281,000, HK$10,143,000 and HK$6,360,000 (2009: HK$6,674,000, HK$2,331,000, HK$1,912,000 and HK$1,840,000) attributed to the assembly, distribution and integration of telecommunications products segment.

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost:						
At 1 April 2008	–	18	309	331	–	658
Additions	–	32	39	–	177	248
Acquired on acquisition of subsidiary	169	–	1,185	791	66	2,211
Exchange adjustments	–	–	30	49	1	80
At 31 March 2009 and 1 April 2009	169	50	1,563	1,171	244	3,197
Additions	–	–	112	–	1,075	1,187
Disposals	–	–	(2)	–	–	(2)
Exchange adjustments	–	–	6	3	2	11
At 31 March 2010	169	50	1,679	1,174	1,321	4,393
Accumulated depreciation and impairment:						
At 1 April 2008	–	4	194	329	–	527
Provided for the year	–	10	69	22	–	101
Acquired on acquisition of subsidiary	169	–	135	137	–	441
Exchange adjustments	–	–	26	49	–	75
At 31 March 2009 and 1 April 2009	169	14	424	537	–	1,144
Provided for the year	–	10	142	60	–	212
Eliminated on disposals	–	–	(1)	–	–	(1)
Exchange adjustments	–	–	1	3	–	4
At 31 March 2010	169	24	566	600	–	1,359
Carrying amounts:						
At 31 March 2010	–	26	1,113	574	1,321	3,034
At 31 March 2009	–	36	1,139	634	244	2,053

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Total HK$'000
Cost:			
At 1 April 2008	18	103	121
Additions	32	23	55
At 31 March 2009 and 1 April 2009	50	126	176
Additions	–	3	3
At 31March 2010	50	129	179
Accumulated depreciation and impairment:			
At 1 April 2008	4	20	24
Provided for the year	10	26	36
At 31 March 2009 and 1 April 2009	14	46	60
Provided for the year	10	25	35
At 31 March 2010	24	71	95
Carrying amounts:			
At 31 March 2010	26	58	84
At 31 March 2009	36	80	116

15. GOODWILL

The Group

	2010 HK$'000	2009 HK$'000
Cost:		
At beginning of the year	**10,305**	–
Acquired on acquisition of subsidiary (note 32)	**–**	10,316
Exchange adjustments	**30**	(11)
At end of the year	**10,335**	10,305

Goodwill is allocated for impairment testing purposes to the Group's cash-generating unit(s) as follows:

	2010 HK$'000	2009 HK$'000
Exploration, mining and processing of iron – 鳳山縣黔興礦業有限責任公司 ("Feng Shan")	**10,335**	10,305

The recoverable amount of Feng Shan is determined by reference to (i) the estimated minimum future undiscounted cash flows, profit after tax of at least RMB10 million for each of the two years ending 31 December 2010 and 2011 guaranteed by the vendor of Feng Shan and (ii) a valuation of the equity interest in Feng Shan as at 31 March 2010 performed by BMI APPRAISALS LIMITED, an independent firm of professional valuers, using market approach with reference to comparable transactions. No impairment loss has to be recognised as considered by the directors of the Company; but any material adverse change in the assumptions used in the determination of recoverable amount would result in an impairment loss to be considered necessary.

16. OTHER INTANGIBLE ASSETS

The Group

	Mining rights HK$'000
Cost:	
At 1 April 2008	–
Acquired on acquisition of subsidiary	1,150
Exchange adjustments	(2)
At 31 March 2009 and 1 April 2009	1,148
Exchange adjustments	3
At 31 March 2010	1,151
Accumulated amortisation and impairment:	
At 1 April 2008	–
Acquired on acquisition of subsidiary	144
Provided for the year	28
Exchange adjustments	–
At 31 March 2009 and 1 April 2009	172
Provided for the year	115
Exchange adjustments	–
At 31 March 2010	287
Carrying amount:	
At 31 March 2010	864
At 31 March 2009	976

The cost of mining rights represents the total amounts paid for the purpose of obtaining a PRC mining exploitation permit (the "Permit"), which was granted for a term of 10 years from 25 October 2007 to 25 October 2017. Amortisation, which is provided for using the straight-line method to write off the cost over the term of the Permit, is included in administrative and other operating expenses disclosed in the consolidated income statement.

17. INTERESTS IN ASSOCIATE

The Group

	2010 **HK$'000**	2009 HK$'000
Share of net assets	**18,015**	16,061

17. INTERESTS IN ASSOCIATE (continued)

Particulars of the Group's associate as at 31 March 2010 are as follows:

Name	Place of incorporation/ operation	Issued and paid up capital	Proportion of equity interest held by the Group 2010	2009	Principal activities
上海華誠通信器材有限公司 ("Shanghai Hua Cheng")	PRC	USD1,050,000	**42.86%**	42.86%	Manufacture of telecommunications equipment and accessories in the PRC

Shanghai Hua Cheng has adopted 31 December as its financial year end date for local statutory reporting purposes. For the preparation of these consolidated financial statements, management accounts of the associate for each of the 12 months ended 31 March 2010 and 2009 have been used after making adjustments, as appropriate, for compliance with accounting principles generally accepted in Hong Kong.

The equity interest of Shanghai Hua Cheng held by the Group has been increased from 30% to 42.86% after a scheme of capital reduction (the "Capital Reduction Scheme"), which is subject to the approval of Shanghai Municipal Commission of Commerce, carried out during the year ended 31 March 2009. The amount of net assets of Shanghai Hua Cheng attributable to the equity interest held by the Group was reassessed after distribution of capital and reserves under the Capital Reduction Scheme with an impairment loss of approximately HK$1,968,000 recognised during the year ended 31 March 2009.

The remittance of funds in the form of cash dividends by Shanghai Hua Cheng to investor out of the PRC is subject to exchange control restrictions imposed by the PRC government.

Summarised financial information in respect of the Group's associate is set out below:

	2010 HK$'000	2009 HK$'000
Results		
Turnover for the year	**33,114**	82,655
Profit for the year	**4,441**	3,860
Group's share of results for the year, after share of tax expense of approximately HK$666,000 (2009: HK$415,000)	**1,904**	1,350
Financial position		
Total assets	**57,765**	48,974
Total liabilities	**(15,733)**	(11,500)
Net assets	**42,032**	37,474
Group's share of net assets	**18,015**	16,061

18. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2010	2009
	HK$'000	HK$'000
Unlisted equity shares, at cost	**1**	1

Details of principal subsidiaries as at 31 March 2010, which materially affected the Group's results or net assets, are set out in note 38.

19. AMOUNTS DUE FROM SUBSIDIARIES

	The Company	
	2010	2009
	HK$'000	HK$'000
Amounts due from subsidiaries	**31,193**	18,580
Impairment losses	**(4,679)**	–
	26,514	18,580

The amounts due from subsidiaries are unsecured and non-interest bearing. The Company will not demand for repayment within 12 months after the reporting date and the amounts are therefore classified as non-current assets.

20. INVENTORIES

	The Group	
	2010	2009
	HK$'000	HK$'000
Production materials	**8,882**	2,021
Semi-finished goods	**130**	924
Finished goods	**2,577**	2,567
	11,589	5,512

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**13,717**	2,800	**–**	–
Other receivables, prepayments and deposits	**1,527**	5,477	**235**	227
	15,244	8,277	**235**	227
An aged analysis of trade receivables is as follows:–				
Within 3 months	**11,147**	276	**–**	–
Over 3 months but within 1 year	**2,570**	2,524	**–**	–
	13,717	2,800	**–**	–

The average credit period allowed to customers is 90 days. Impairment loss is recognised for all receivables aged over 365 days based on historical experience on possibility of recovery.

Trade receivables disclosed above include a total net carrying amount of approximately HK$2,570,000 (2009: HK$2,524,000) which is past due at the reporting date but against which no impairment loss is recognised as there is no significant change in credit quality and the amount is still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does the Group have a legal right of offset against any amounts owed by the Group to the counterparty.

Ageing of trade and other receivables past due but not impaired:

	The Group	
	2010	2009
	HK$'000	HK$'000
Overdue by:		
1 days to 9 months	**2,570**	2,524

21. TRADE AND OTHER RECEIVABLES (continued)

Movements in the allowance for impairment losses on doubtful debts:

	The Group	
	2010	2009
	HK$'000	HK$'000
At beginning of the year	**2,323**	–
Impairment loss recognised	**828**	2,321
Impairment loss reversed	**(2,390)**	(6)
Exchange adjustments	**68**	8
At end of year	**829**	2,323

In determining the recoverability of a receivable, the Group considers if there is any change in the credit quality of the receivable from the date when credit was initially granted up to the end of the reporting period.

22. AMOUNTS DUE FROM RELATED COMPANY

The amounts due from related company are unsecured, non-interest bearing and have no fixed repayment terms. Other particulars disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:–

The Group

Name of company	Balance at 31 March 2010 HK$'000	Maximum balance outstanding during the year HK$'000	Balance at 31 March 2009 and 1 April 2009 HK$'000	Maximum balance outstanding during the year HK$'000	Balance at 1 April 2008 HK$'000
T. S. (Holdings) Company Limited	–	–	–	216	216

The Company

Name of company	Balance at 31 March 2010 HK$'000	Maximum balance outstanding during the year HK$'000	Balance at 31 March 2009 and 1 April 2009 HK$'000	Maximum balance outstanding during the year HK$'000	Balance at 1 April 2008 HK$'000
T. S. (Holdings) Company Limited	–	–	–	216	216

Mr. Lau See Hoi, who was previously the chairman and chief executive officer of the Company resigned on 2 October 2007, has a beneficial interest in the related company.

23. CASH AND BANK DEPOSITS

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits with banks and other financial institutions	**6,407**	3,030	**587**	34
Cash in hand	**523**	–	**–**	–
	6,930	3,030	**587**	34

24. BORROWINGS

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest-bearing borrowings repayable by instalments – secured:				
Repayable within 1 year	**–**	235	**–**	–

The borrowings represented the balance of purchase price of a machine payable, which is subject to interest charge calculated at the rate of 0.8% per month on the outstanding principal.

25. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**17,782**	9,928	**–**	–
Other payables and accrued charges	**11,293**	14,885	**1,410**	2,273
	29,075	24,813	**1,410**	2,273
An aged analysis of the trade payables is as follows:–				
Within 3 months	**11,484**	1,482	**–**	–
Over 3 months but within 1 year	**6,298**	8,156	**–**	–
Over 1 year	**–**	290	**–**	–
	17,782	9,928	**–**	–

26. AMOUNTS DUE TO DIRECTORS

Amounts due to directors are unsecured, non-interest bearing and have no fixed repayment terms.

27. DEFERRED TAXATION

The Group

The major deferred tax assets recognised and movements thereon during the current and prior years are summarized below:

	Unused tax losses	
	2010	2009
	HK$'000	HK$'000
At beginning of the year	**–**	–
Credit to profit or loss for the year	**486**	–
At end of the year	**486**	–

No deferred tax asset has been recognised in the consolidated financial statements in respect of tax losses of approximately HK$9,338,000 (2009: HK$11,826,000) of the Group available to offset future profits due to the unpredictability of future profit streams against which the asset can be utilised. The unrecognised deferred tax asset of the Group in respect of deductible temporary difference attributable to unused tax losses as at 31 March 2010 amounted to approximately HK$1,541,000 (2009: HK$2,163,000). The amounts of tax losses and deferred tax asset not recognised for 2009 have been restated according to the latest tax information available.

There are no other significant deferred tax assets not recognised as at 31 March 2010 and 2009.

No deferred tax liabilities have been recognised in the consolidated financial statements as the Group did not have material taxable temporary difference as at 31 March 2010.

The Company

No deferred tax asset has been recognised in the financial statements in respect of tax losses of approximately HK$9,338,000 (2009: HK$9,338,000) of the Company available to offset future profits due to the unpredictability of future profit streams against which the asset can be utilised. The unrecognised deferred tax asset of the Company in respect of deductible temporary difference attributable to unused tax losses as at 31 March 2010 amounted to approximately HK$1,541,000 (2009: HK$1,541,000).

There are no other significant deferred tax assets not recognised at the reporting date.

No deferred tax liabilities have been recognised in the financial statements as the Company did not have material taxable temporary difference as at 31 March 2010 and 2009.

28. SHARE CAPITAL

	Number of shares		Amount	
	2010	2009	**2010**	2009
	'000	'000	**HK$'000**	HK$'000
Authorised:				
Ordinary shares of HK$0.1 each				
– At beginning and end of the year	**800,000**	800,000	**80,000**	80,000
Issued and fully paid:				
Ordinary shares of HK$0.1 each				
– At beginning of the year	**406,314**	338,596	**40,631**	33,860
– Shares issued under a placing agreement (note (i))	**–**	67,718	**–**	6,771
– Shares issued under a subscription agreement (note (ii))	**80,000**	–	**8,000**	–
– At end of the year	**486,314**	406,314	**48,631**	40,631

Notes:

(i) On 14 July 2008, 67,718,000 new shares were issued, pursuant to a placing agreement entered into by the Company with a placing agent on 23 June 2008 with a view to raise further capital to broaden the capital base and to strengthen the financial position of the Group, at a placing price of HK$0.3 per placing share to provide general working capital for the Company. The market price of the Company's shares at the close of business on 23 June 2008 was HK$0.345 per share. The net price of the shares issued was HK$0.292 per share.

(ii) On 7 August 2009, 80,000,000 new ordinary shares were issued, in accordance with the terms of a subscription agreement dated 27 July 2009, to the vendor from whom 80,000,000 placing shares were placed to the placees on 30 July 2009, pursuant to a placing agreement entered into by the Company with a placing agent on 27 July 2009 with a view to raise further capital to broaden the capital base and to strengthen the financial position of the Group at a placing price of HK$0.265 per placing share, for the purpose of providing general working capital for the Company. The market price of the Company's shares at the close of business on 24 July 2009 was HK$0.31 per share. The net price of the shares issued was HK$0.254 per share.

Notes to the Financial Statements

For the year ended 31 March 2010

29. RESERVES

(a) The Group

	Share premium HK$'000	Share options reserve HK$'000	PRC statutory reserves HK$'000	Merger difference HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2008	96,898	706	3,808	(250)	3,112	(129,999)	(25,725)
Total comprehensive income for the year	–	–	–	250	338	(12,081)	(11,493)
Shares issued pursuant to a placing agreement	13,544	–	–	–	–	–	13,544
Cost attributable to issue of new shares	(510)	–	–	–	–	–	(510)
At 31 March 2009 and 1 April 2009	109,932	706	3,808	–	3,450	(142,080)	(24,184)
Total comprehensive income for the year	–	–	–	–	96	(6,892)	(6,796)
Shares issued pursuant to a subscription agreement	13,200	–	–	–	–	–	13,200
Cost attributable to issue of new shares	(1,051)	–	–	–	–	–	(1,051)
At 31 March 2010	122,081	706	3,808	–	3,546	(148,972)	(18,831)

An adjustment of approximately HK$40,571,000, which represented the premium on the issue of the Company's shares in exchange of shares in a subsidiary pursuant to a group reorganisation completed on 18 December 1999 (the "Group Reorganisation"), has been made to reduce the consolidated share premium for the purpose of reflecting the consolidated results of the subsidiary of the same amount before the completion of the Group Reorganisation in the Group's consolidated retained earnings using merger accounting to account for the Group Reorganisation.

29. RESERVES (continued)

(b) The Company

	Share premium HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2008	137,469	706	(170,561)	(32,386)
Loss for the year	–	–	(7,990)	(7,990)
Total comprehensive income for the year	–	–	(7,990)	(7,990)
Shares issued pursuant to a placing agreement	13,544	–	–	13,544
Cost attributable to issue of new shares	(510)	–	–	(510)
	13,034	–	(7,990)	5,044
At 31 March 2009 and 1 April 2009	150,503	706	(178,551)	(27,342)
Loss for the year	–	–	(12,984)	(12,984)
Total comprehensive income for the year	–	–	(12,984)	(12,984)
Shares issued pursuant to a subscription agreement	13,200	–	–	13,200
Cost attributable to issue of new shares	(1,051)	–	–	(1,051)
	12,149	–	(12,984)	(835)
At 31 March 2010	162,652	706	(191,535)	(28,177)

(c) Nature and purpose of the reserves:–

(i) Share premium

The share premium account of the Company is distributable to the owners of the Company under the Companies Law of the Cayman Islands subject to the provisions of the Company's Memorandum and Articles of Association and provided that the Company will be in a position to payoff its debts as they fall due in the ordinary course of business immediately following the date on which the dividend is proposed to be distributed.

(ii) Share options reserve

The share options reserve represents the fair value of the number of unexercised share options granted by the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3(t)(i).

(iii) PRC statutory reserves

The People's Republic of China (the "PRC") statutory reserves represent transfers made to the general reserve fund and the enterprise development fund set up by certain subsidiaries in the PRC, pursuant to the relevant regulations. According to the regulations, the general reserve fund may be used for making up losses, if any, and increasing capital while the enterprise development fund may be used for increasing capital.

29. RESERVES (continued)

(c) Nature and purpose of the reserves (continued):–

(iv) Merger difference

The merger difference of the Group represents the difference between the nominal value of the share capital of a subsidiary acquired pursuant to the Group's reorganization which took place during the year ended 31 March 2000 over the nominal value of the share capital of the Company issued in exchange thereof.

(v) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3(i).

(d) Distributability of reserves

In the opinion of the directors of the Company, the Company had no balance of distributable reserves available for distribution to owners as at 31 March 2010 (2009: Nil).

30. OPERATING LEASES

(a) Minimum lease payments paid by the Group under operating leases for the year:–

	2010 **HK$'000**	2009 HK$'000
Premises	**1,053**	873

(b) At the reporting date, the Group and the Company had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:–

	The Group		**The Company**	
	2010 **HK$'000**	2009 HK$'000	**2010** **HK$'000**	2009 HK$'000
Premises				
– within 1 year	**838**	814	**587**	566
– after 1 year but within 5 years	**877**	43	**535**	–
	1,715	857	**1,122**	566

31. CAPITAL COMMITMENTS

The Group

The Group did not have any material capital commitments as at 31 March 2010 (2009: Nil).

The Company

The Company had capital commitments outstanding at the reporting date contracted for but not provided for in the financial statements as follows:

	2010 **HK$'000**	2009 HK$'000
Contributions for increase of capital registered by a subsidiary	**2,131**	–

32. ACQUISITON OF SUBSIDIARY

The Group acquired 51% equity interest in 鳳山縣黔興礦業有限責任公司 ("Feng Shan") (the "Acquisition") on 20 January 2009 for the purpose of extending the Group's activities to mining business. Details of the Acquisition are set out in a circular issued by the Company to its shareholders on 8 December 2008.

The fair values, which have no significant differences from their respective carrying amounts, of the identifiable assets and liabilities of Feng Shan at the date of acquisition and the goodwill arising from the Acquisition, which are accounted for as business combination, are as follows:–

	HK$'000
Identifiable assets/(liabilities) acquired:	
Property, plant and equipment	1,770
Other intangible assets	1,006
Inventories	3,079
Trade and other receivables	493
Cash and bank deposits	189
Borrowings	(299)
Trade and other payables	(4,205)
	2,033
Net assets attributable to non-controlling interests	(996)
	1,037
Goodwill arising from business combination (note (i))	10,316
	11,353
Total consideration satisfied/to be satisfied by:	
Cash	11,353
Net cashflow arising on acquisition:	
Cash paid	(4,507)
Cash and bank deposits acquired	189
	(4,318)

32. ACQUISITON OF SUBSIDIARY (continued)

Notes:

(i) Goodwill arisen from the business combination with Feng Shan amounted to approximately HK$10,316,000, which represented premium paid in relation to the benefit of expected synergies, revenue growth and future market development of Feng Shan, is considered to be recoverable from future economic benefits generated from Feng Shan's business activities.

(ii) The consideration of the Acquisition amounted to approximately HK$11,353,000 of which approximately HK$4,507,000 was paid during the year ended 31 March 2009, approximately HK$2,305,000 was paid on 28 April 2009 and approximately HK$4,541,000 was paid on 4 August 2009.

(iii) The vendor of Feng Shan, 王富家 ("Mr. Wong"), provided a profit guarantee that Feng Shan's audited net profit after tax, as prepared under the International Accounting Standards, for each of the two years ending 31 December 2009 and 2010 shall be at least RMB10 million, as per an agreement dated 15 October 2008 entered into by China Score International Holdings Limited ("China Score"), a wholly-owned subsidiary of the Company, and Mr. Wong for the Acquisition. On 26 January 2010, China Score and Mr. Wong entered into a second supplemental agreement, which was then approved by shareholders of the Company at an extraordinary general meeting held on 19 March 2010, to defer the profit guarantee of Feng Shan, provided by Mr. Wong, of not less than RMB10 million for each of the two years ending 31 December 2009 and 2010 to the two years ending 31 December 2010 and 2011, at a compensation of RMB300,000 to be paid by Mr. Wong to China Score; details of the second supplemental agreement are set out in a circular issued by the Company to its shareholders on 12 February 2010.

(iv) Feng Shan did not contribute any turnover to the Group for the years ended 31 March 2010 and 2009 as a factory is being constructed for the purpose of increasing its productivity.

33. SHARE OPTION SCHEME

The Company's current share option scheme was adopted on 2 August 2002 (the "2002 Share Option Scheme") to replace a share option scheme previously adopted on 18 November 1999 (the "1999 Share Option Scheme").

The purpose of the 2002 Share Option Scheme is to enable the Company to grant options to selected persons to subscribe for shares in the Company as incentives or rewards for their contributions or potential contributions to the Group. The Board may, at its discretion, invite (i) any director or any employee of the Company or any member of the Group, or any individual seconded to work for the Company or any member of the Group; (ii) any holder of any securities issued by the Company or any member of the Group; and (iii) any business or joint venture partner, contractor, subcontractor, agent, sub-agent, supplier, customer or distributor of the Company or any member of the Group or any person or entity that provides research, development or other technological support, advisory, consultancy or professional services to the Company or any member of the Group, to take up options to subscribe for the shares in the Company for a consideration of HK$10 per each lot of share options granted. The 2002 Share Option Scheme will remain valid for a period of 10 years commencing on 2 August 2002. The option period shall not exceed 10 years from the date of grant of option. There is no minimum period for which an option must be held before it can be exercised. HK$10 is payable on acceptance of an option within 28 days from the date of grant.

The total number of shares in respect of which options may be granted under the 2002 Share Option Scheme must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the 2002 Share Option Scheme or the date of approval by the shareholders in general meeting where the limit is refreshed. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each individual in any twelve-month period up to and including the date of grant shall not exceed 1% of the shares in issue at the date of grant unless approval from Company's shareholders has been obtained. Options granted to a substantial shareholder or an independent non-executive director of the Company in excess of 0.1% of the total number of shares in issue or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

33. SHARE OPTION SCHEME (continued)

Options may be exercised at any time during the specified option period. The exercise price shall be determined by the directors of the Company, and shall be at least the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Share Option Scheme and any other schemes involving the issue or grant of options must not exceed 30% of the Company's shares in issue from time to time.

Details of the existing share options granted by the Company under the share option scheme are as follows:

Date of grant	Exercise period	Number of share options granted	Exercise price HK$	Fair value at grant date HK$
29 February 2008	29 February 2008 to 2 August 2012	7,436,000	0.319	0.095

The closing share price immediately before the date on which the share options were granted was HK$0.29.

The fair value of the share options granted was HK$0.095 per option and the Group recognised a share option expense of approximately HK$706,420 during the year ended 31 March 2008.

The fair value of equity-settled share options granted as at the date of grant was estimated, using the Binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs into the model used:

Expected volatility	:	60.39%
Risk-free interest rate	:	1.888%
Expected life of option	:	4.43 years

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the share options granted was incorporated into the measurement of fair value.

No share options were granted during the years ended 31 March 2010 and 2009.

33. SHARE OPTION SCHEME (continued)

Details of the Company's share options outstanding during the year are as follows:

2010

Grantee	Date of grant	Exercise price HK$	Number of share options outstanding at beginning of the year '000	Granted during the year '000	Exercised during the year '000	Number of share options outstanding at end of the year '000
Directors						
Ms. Ng Mui King, Joky	**29/2/2008**	**0.319**	**338**	**–**	**–**	**338**
Mr. Wong Kai Tat	**29/2/2008**	**0.319**	**3,380**	**–**	**–**	**3,380**
Ms. Hui Sin Man, Alice	**29/2/2008**	**0.319**	**338**	**–**	**–**	**338**
Sub-total			**4,056**	**–**	**–**	**4,056**
Employees	**29/2/2008**	**0.319**	**3,380**	**–**	**–**	**3,380**
Total			**7,436**	**–**	**–**	**7,436**

2009

Grantee	Date of grant	Exercise price HK$	Number of share options outstanding at beginning of the year '000	Granted during the year '000	Exercised during the year '000	Number of share options outstanding at end of the year '000
Directors						
Ms. Ng Mui King, Joky	29/2/2008	0.319	338	–	–	338
Mr. Wong Kai Tat	29/2/2008	0.319	3,380	–	–	3,380
Ms. Hui Sin Man, Alice	29/2/2008	0.319	338	–	–	338
Sub-total			4,056	–	–	4,056
Employees	29/2/2008	0.319	3,380	–	–	3,380
Total			7,436	–	–	7,436

34. RETIREMENT BENEFIT SCHEMES

The Group participates in a mandatory provident fund scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are calculated as a percentage of employee's basic salaries. The retirement benefit costs charged to the income statement represent contributions paid and payable by the Group to the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The subsidiaries in the PRC participate in certain employees' retirement schemes implemented by the relevant local municipal governments. Contributions are made by the relevant subsidiaries to these schemes based on certain percentages of the applicable payroll costs.

Total contributions made by the Group, at rates/amounts specified in the rules of the schemes, during the year ended 31 March 2010 amounted to approximately HK$143,000 (2009: HK$202,000).

35. RELATED PARTY TRANSACTIONS

(a) Transactions and balances between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(b) Remuneration for key management personnel of the Group, including the Company's directors and certain highest paid employees, is set out in note 9.

(c) During the year, 大誠電訊(深圳)有限公司 ("大誠"), a related company owned by Mr. Lau See Hoi, a director and the authorised representative of the Company's subsidiary, 北京康大奈特通信設備有限公司, supplied goods and provided services amounted to approximately HK$13,313,000 (2009: HK$7,936,000) to the Group on normal commercial terms in the ordinary course of business; the balance payable by the Group to 大誠 as at 31 March 2010 of approximately HK$7,729,000 (2009: HK$6,345,000), of which no collateral or other credit enhancements were provided by the Group, is included in trade payables disclosed in note 25.

(d) Amounts due to directors of the Company as at 31 March 2010 and 2009 are disclosed in the consolidated statement of financial position and the statement of financial position of the Company; other details are disclosed in note 26.

(e) Amounts due to 王富家 ("Mr. Wong"), a director and a non-controlling shareholder of a subsidiary, 鳳山縣黔興礦業有限責任公司 ("Feng Shan"), as at 31 March 2010 of approximately HK$5,014,000 (2009: HK$9,485,000, of which approximately HK$6,846,000 represented balance of consideration payable by the Group for the acquisition of 51% equity interest in Feng Shan (the "Acquisition")) is included in other payables and accrued charges disclosed in note 25. The amounts due are unsecured and non-interest bearing; except for the balance of consideration for the Acquisition was repayable within 12 months after completion of the Acquisition, other amounts have no fixed terms of repayment.

(f) During the year ended 31 March 2010, the Group received approximately HK$342,000 (equivalent to RMB300,000) from Mr. Wong as a compensation to defer a profit guarantee provided by Mr. Wong to the Group of which details are disclosed in note 32(iii).

(g) Details of amounts due from other related party are disclosed in note 22.

36. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(i) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(ii) to provide an adequate return to shareholders.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies and processes during the years ended 31 March 2010 and 2009.

The Group monitors capital on the basis of gearing ratio, which is calculated as total borrowings over total equity. The Group's strategy is to maintain the gearing ratio at a satisfactory level. The gearing ratio as at 31 March 2010 is Nil (2009: 1.32%).

37. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	The Group	
	2010	2009
	HK$'000	HK$'000
Financial assets:		
Trade and other receivables	**15,244**	8,277
Cash and bank deposits	**6,930**	3,030
	22,174	11,307
Financial liabilities:		
Borrowings	**–**	(235)
Trade and other payables	**(29,075)**	(24,813)
Amounts due to directors	**(5,557)**	(3,402)
	(34,632)	(28,450)

(b) Financial risk management and policies

The Group's major financial instruments are disclosed in section (a) of this note. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk; the policies on how to mitigate these risks are set out below. The management manages and monitors these risk exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Market risk management*

Currency risk

The Group does not have significant cash and bank deposits, trade and other receivables, and trade and other payables denominated in foreign currencies other than the respective functional currencies of the entities and thus the Group is exposed to currency risk with a limited effect on the Group's results. The management continuously monitors the foreign exchange risk exposure and will consider hedging currency risk should the need arise.

37. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(i) Market risk management (continued)

Currency risk (continued)

The carrying amounts of the Group's significant foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets	
	2010	2009
	HK$'000	HK$'000
Renminbi	**20,892**	11,029
United States dollars	**5**	5

	Liabilities	
	2010	2009
	HK$'000	HK$'000
Renminbi	**27,643**	15,908

Sensitivity analysis

The Group is mainly exposed to the effect of fluctuation in the above foreign currencies except for the United States dollars to which the Company's functional currency is pegged. The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency exchange rates of the Company against the foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 5% change in foreign currency exchange rates. A positive number below indicates an increase in profit before tax and equity of the Group for the year where the functional currency of the Company strengthens 5% against the foreign currencies. For a 5% weakening of the functional currency of the Company against the foreign currencies, there would be an equal and opposite impact on the profit before tax and equity of the Group, and the balance below would be negative.

	Profit before tax		Equity	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi	**–**	–	**338**	244

37. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(i) Market risk management (continued)

Interest rate risk

The Group's exposure to interest rate risk is minimal as the Group has no significant long-term financial assets and liabilities, thus its operating results are unlikely to be significantly affected by changes in market interest rates.

Price risk

The Group did not have investments in equity securities for treasury purpose and therefore is not exposed to equity price risk. The management has a policy to monitor the Group's exposure to price risk by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the risk exposure should the need arise.

(ii) Fair values

The fair value of financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as inputs. For an option-based derivative, the fair value is estimated using option pricing model (for example, Black-Scholes Model).

The management considers that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

(iii) Credit risk management

As at 31 March 2010, the Group's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to perform an obligation by the counterparties, is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimize the credit risk in relation to trade receivables, the management has strengthened the credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

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

Credit risk is concentrated as to 95% (2009: 96%) of the total trade receivables that are due from the Group's 5 (2009: 5) largest customers. However, the management considers, based on the strong financial background and good creditability of the debtors, there are no significant credit risks.

37. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(iv) Liquidity risk management

In the management of the liquidity risk, the management manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operation needs. Various bank facilities and credit lines will be considered to fund any emergency liquidity requirements. The Group relies on funds generated from business operations as a principal source of liquidity.

The following tables detail the Group's contractual maturity for its financial liabilities based on the agreed repayment terms. Undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) of financial liabilities are based on the earliest date on which the Group can be required to pay.

		Contractual undiscounted cash outflow			
	Annual interest rate	**On demand or less than 1 year**	**More than 1 year**	**Total**	**Total carrying amount at 31 March 2010**
	%	HK$'000	HK$'000	HK$'000	HK$'000
2010					
Trade and other payables	**–**	**29,075**	**–**	**29,075**	**29,075**
Amounts due to directors	**–**	**5,557**	**–**	**5,557**	**5,557**
		34,632	**–**	**34,632**	**34,632**
2009					
Borrowings	9.6%	243	–	243	235
Trade and other payables	–	24,813	–	24,813	24,813
Amounts due to directors	–	3,402	–	3,402	3,402
		28,458	–	28,458	28,450

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 March 2010 were as follows:–

Name of subsidiary	Place of incorporation/ operation	Forms of legal entity	Issued and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company Directly	Indirectly	Principal activities
China Bond Technology Limited	Hong Kong	Limited liability company	HK$1	100%	–	Investment holding
Hi-Smart Technology Limited	Hong Kong	Limited liability company	HK$1	100%	–	Inactive
China Score International Holdings Limited	Hong Kong	Limited liability company	HK$1	100%	–	Investment holding
Sky Peace Limited	Hong Kong	Limited liability company	HK$1	–	100%	Investment holding
北京康大奈特通信設備有限公司	PRC	Sino-foreign equity joint venture company	RMB4,000,000	–	75%	Assembly, distribution and integration of telecommunications products
鳳山縣黔興礦業有限責任公司	PRC	Sino-foreign equity joint venture company	RMB2,054,144	–	51%	Exploration, mining and processing of iron
諾晴國際貿易(深圳)有限公司	PRC	Limited liability company	RMB75,000	–	100%	Inactive
Big Joy Holdings Inc.	British Virgin Islands*	Limited liability company	US$1	–	100%	Inactive
Ever Rise Enterprises Limited	British Virgin Islands*	Limited liability company	US$1	100%	–	Inactive
Luck Capital Enterprises Ltd.	British Virgin Islands*	Limited liability company	US$1	100%	–	Investment holding

*: No specific principal place of operation

None of the subsidiaries had issued any debt securities at the end of the year.

The PRC subsidiaries adopted 31 December as financial year end date for local statutory reporting purposes. For the preparation of these consolidated financial statements, accounts of those PRC subsidiaries for each of the 12 months ended 31 March 2010 and 2009 have been used after making adjustments, as appropriate, for compliance with accounting principles generally accepted in Hong Kong.

Financial Summary

For the year ended 31 March 2010

The summarised consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements of the Group, are set out below:

RESULTS

	Year ended 31 March				
	2006	2007	2008	2009	**2010**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Turnover	23,187	22,198	20,222	16,808	**34,876**
Loss before tax	(13,592)	(11,693)	(4,558)	(11,865)	**(6,458)**
Income tax	(28)	62	(132)	(22)	**308**
Loss for the year	(13,620)	(11,631)	(4,690)	(11,887)	**(6,150)**
Attributable to:					
Owners of the Company	(13,620)	(11,631)	(4,690)	(12,081)	**(6,892)**
Non-controlling interests	–	–	–	194	**742**
	(13,620)	(11,631)	(4,690)	(11,887)	**(6,150)**

ASSETS AND LIABILITIES

	As at 31 March				
	2006	2007	2008	2009	**2010**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	38,498	34,215	26,358	46,214	**66,497**
Total liabilities	(23,263)	(24,038)	(18,223)	(28,450)	**(34,632)**
Net assets	15,235	10,177	8,135	17,764	**31,865**
Non-controlling interests	–	–	–	1,317	**2,065**