GREAT WORLD
Company Holdings Ltd
世大控股有限公司

Annual Report 2011

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8003

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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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Ng Mui King, Joky *(Chairman)*
Mr. Wong Kai Tat
Mr. Tong Wang Shun
Ms. Zeng Jieping

Non-executive Director

Mr. Pong Shing Ngai

Independent non-executive Directors

Ms. Hui Sin Man, Alice
Mr. Chung Koon Yan
Mr. Chan Ying Cheong

COMPANY SECRETARY

Mr. Wong Kai Tat

AUTHORISED REPRESENTATIVES

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

COMPLIANCE OFFICER

Mr. Wong Kai Tat

AUDIT COMMITTEE

Mr. Chung Koon Yan *(Chairman)*
Ms. Hui Sin Man, Alice
Mr. Chan Ying Cheong

REMUNERATION COMMITTEE

Ms. Hui Sin Man, Alice *(Chairman)*
Mr. Chan Ying Cheong
Ms. Ng Mui King, Joky
(Mr. Wong Kai Tat as her alternate)

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

Rooms 1803–04, 18/F.
Chinachem Tower
34–37 Connaught Road Central
Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Wing Lung Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman
KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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

AUDITORS

Grant Thornton Jingdu Tianhua
Certified Public Accountants
20th Floor, Sunning Plaza
10 Hysan Avenue, Causeway Bay
Hong Kong

LEGAL ADVISERS

As to Cayman Islands Law:

Maples and Calder
53rd Floor, The Center
99 Queen's Road Central
Hong Kong

As to Hong Kong Law:

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

WEBSITE

http://www.gwchl.com

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Great World Company Holdings Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group"), I am pleased to present the annual results of the Group for the year ended 31 March 2011.

FINANCIAL PERFORMANCE

For the year ended 31 March 2011, the Group recorded a turnover of approximately HK$6,291,000, representing a decrease of approximately 82% as compared to the turnover of approximately HK$34,876,000 for last year. Loss for the year was approximately HK$33,573,000 (2010: HK$6,150,000). The Board did not recommend the payment of any dividend for the year (2010: Nil).

BUSINESS REVIEW

The Group is principally engaged in (i) the assembly, distribution and integration of telecommunications products and (ii) operation of iron mines in the People's Republic of China (the "PRC").

Telecommunications Products Business

During the year, the Group continued to operate under increasing competition from domestic telecom manufacturing suppliers in the PRC. While the Group had addressed the competition by way of offering customised versions of its base station monitoring systems to suit specific customers' 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 Board considers that the business environment of the telecom monitoring equipment industry in the PRC has become unfavourable and competitive. In view of the above, the Board intends to focus the Group's resources on the other business segments of the Group which have better prospects and potentially better returns as compared to the telecommunications products business.

Mining Business

On 3 November 2010, China Score International Holdings Limited ("China Score"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement in relation to the acquisition of the remaining 49% of the entire equity interest in 鳳山縣黔興礦業有限責任公司 (Feng Shan Xian Qian Xing Mining Industry Company Limited*) ("Feng Shan") at a cash consideration of RMB2.8 million and the parties to the acquisition agreement agreed to waive the profit guarantee of Feng Shan of at least RMB10 million for each of the two years ending 31 December 2010 and 31 December 2011 and transfer the shareholder's loan to China Score upon completion of acquisition of Feng Shan. Completion of the acquisition has taken place on 6 January 2011 and Feng Shan has then become an indirect wholly-owned subsidiary of the Company.

The principal asset of Feng Shan is an iron mine located at the Guangxi Province, the PRC. The iron mine consists of numerous small iron ore mountains and, upon commencement of exploitation, is expected to employ open mining methods of exploiting the iron ores. The processing factory of Feng Shan is still under construction. It is currently expected that the iron mine will commence commercial operation in mid July 2011.

* *For identification purpose only*

Chairman's Statement

PROSPECT

To further enhance the Company's business and provide satisfactory returns for its investors, the Group has diversified its current business to participate in the property industry by entering into an acquisition agreement on 25 February 2011 to acquire the entire issued share capital of Linkful Wise Group Holdings Limited whose principal asset represents interest in a property located in Leshan City, Sichuan Province, the PRC.

Revenue from the property will be derived from (i) leasing of the commercial portion of the property; (ii) leasing part of the residential portion of the property and/or car parks; and (iii) selling part of the residential portion of the property. The Company expects that the selling and leasing of the property may commence by the end of 2011.

The Group will focus on its mining business and property investment business in the coming year. Taking into account the high level of consumption of iron ore and strong demand in the property market of the PRC, the Board is optimistic that these two business segments can broaden the Group's income base and improve its financial performance for the benefit of the Company and shareholders as a whole. Going forward, the Group will continue to look for other investment opportunities so as to broaden the source of income of the Group and diversify the Group's portfolio.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our staff members for their contributions in this year, and extend my appreciation to the shareholders and investors for their support.

Ng Mui King, Joky
Chairman

Hong Kong, 30 June 2011

Biographical Details of Directors

EXECUTIVE DIRECTORS

Ms. NG Mui King, Joky, aged 49, has been the executive director of the Company since 2 October 2007. She is the chairman of the Group and is also a member of the remuneration committee of the Company. Ms. Ng is responsible for the overall strategic direction of the Group. She has over 20 years of experience in telecommunication, import and export trading, accounting, finance and corporate management.

Mr. WONG Kai Tat, aged 59, 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. He has also been the company secretary of the Company since 4 December 2009. He is primarily responsible for development and implementation of the Group's financial strategies.

Mr. Wong holds a diploma in financial strategy 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.. He is an associate member of the Hong Kong Institute of Certified Public Accountants.

Currently, Mr. Wong is also an independent non-executive director of Shenyang Public Utility Holdings Company Limited (stock code: 747) which is listed on The Stock Exchange of Hong Kong Limited.

Mr. TONG Wang Shun, aged 69, has been an executive director of the Company since 4 December 2009. Mr. Tong has over 30 years of experience in shipping, property investment and corporate management. He is the director of Pan Air and Sea Forwarders (HK) Limited, Top Nation Shipping Limited and Profit Transports Limited.

Ms. ZENG Jieping, aged 34, has been an executive director of the Company since 10 May 2010. Ms. Zeng holds a bachelor's degree of arts from Jinan University of the People's Republic of China and a master's degree of management studies from the University of Waikato, Hamilton of New Zealand. She has more than 5 years of experience in marketing, finance and corporate management.

NON-EXECUTIVE DIRECTOR

Mr. PONG Shing Ngai, aged 63, has been the non-executive director of the Company since 9 May 2008. He has over 28 years of experience in trading, information system and corporate management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. HUI Sin Man, Alice, aged 49, has been an independent non-executive director of the Company since 30 September 2004 and is the chairman of the remuneration committee and a member of the audit committee of the Company. Ms. Hui has over 16 years of experience in handling administration and company secretarial matters.

Mr. CHUNG Koon Yan, aged 47, has been an independent non-executive director of the Company since 9 May 2008 and is the chairman of the audit committee of the Company. Mr. Chung holds a Master's degree in Professional Accounting from the Hong Kong Polytechnic University, 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. Mr. Chung is a director of Chiu, Choy & Chung CPA Ltd. He has more than 19 years of experience in accounting, auditing and taxation. Currently, Mr. Chung is also an independent non-executive director of China Financial Leasing Group Limited (stock code: 2312), Shenzhen High-Tech Holdings Limited (stock code: 106) and Trasy Gold Ex Limited (stock code: 8063), all of which are listed on The Stock Exchange of Hong Kong Limited.

Mr. CHAN Ying Cheong, aged 49, has been an independent non-executive director of the Company since 30 September 2010 and is a member of the audit committee and remuneration committee of the Company. Mr. Chan has more than 25 years of experience in the banking industry.

Management Discussion and Analysis

RESULTS OF OPERATIONS

For the year ended 31 March 2011, the Group recorded a turnover of approximately HK$6,291,000, representing a decrease of approximately 82% as compared to the turnover of approximately HK$34,876,000 for last year. Turnover was mainly derived from the sales of telecommunications products in the PRC. A small amount of revenue was generated from the trading of iron ores business. Loss for the year ended 31 March 2011 was increased, by approximately 445.9%, from approximately HK$6,150,000 for the previous year to approximately HK$33,573,000. The increase in loss was mainly attributable to the write-down of certain assets of the telecommunications products segment.

BUSINESS REVIEW

Acquisition of the remaining 49% equity interest in a subsidiary

The Company has completed the acquisition of 51% of equity interest in 鳳山縣黔興礦業有限責任公司 (Feng Shan Xian Qian Xing Mining Industry Company Limited*) ("Feng Shan") through its wholly-owned subsidiary, China Score International Holdings Limited ("China Score") on 20 January 2009.

On 3 November 2010, China Score entered into an acquisition agreement in relation to the acquisition of the remaining 49% of the entire equity interest in Feng Shan at a cash consideration of RMB2.8 million and the parties to the acquisition agreement agreed to waive the profit guarantee of Feng Shan of at least RMB10 million for each of the two years ending 31 December 2010 and 31 December 2011 and transfer the shareholder's loan to China Score upon completion of acquisition of Feng Shan.

Such acquisition constituted a discloseable and connected transaction for the Company under the GEM Listing Rules and was subject to announcement, reporting and independent shareholders' approval requirements under the GEM Listing Rules. A circular containing further information of the acquisition has been despatched to the shareholders of the Company on 24 November 2010. The acquisition was approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 10 December 2010. Completion of the acquisition has taken place on 6 January 2011 and Feng Shan has then become an indirect wholly-owned subsidiary of the Company.

Acquisition of a subsidiary

Golden Strategy Limited ("Golden Strategy"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement on 25 February 2011 and a supplemental agreement on 2 March 2011 with an independent third party, in relation to the acquisition of the entire issued share capital of Linkful Wise Group Holdings Limited, whose principal asset represents interest in a property located in Leshan City, Sichuan Province, the PRC, at an aggregate consideration of HK$150,800,000 (subject to adjustment).

The consideration is to be satisfied as to (i) HK$31,000,000 by the issue and allotment of the 155,000,000 consideration shares by the Company at the issue price of HK$0.20 per share to the vendor (or its nominee(s)) upon completion of the acquisition; (ii) HK$33,840,000 by the issue of the convertible note by the Company at an initial conversion price of HK$0.20 per conversion share to the vendor (or its nominee(s)) upon completion of the acquisition; (iii) HK$10,000,000 in cash (HK$2,000,000 of which has been paid as a refundable deposit within 2 business days after the signing of the acquisition agreement); and (iv) HK$75,960,000 by the issue of the promissory note by Golden Strategy on the first anniversary of completion of the acquisition to the vendor.

Such acquisition constituted a very substantial acquisition for the Company under the GEM Listing Rules and is subject to reporting, announcement and shareholders' approval requirements under the GEM Listing Rules. A circular containing further details of the acquisition and information required under the GEM Listing Rules has been despatched to the shareholders of the Company on 8 April 2011. The acquisition has been approved by the shareholders of the Company at an extraordinary general meeting of the Company held on 27 April 2011. As at the date of this report, the acquisition has not been completed yet.

* *For identification purpose only*

Sales of telecommunications products

The turnover and the operating loss of telecommunications products for the current year was approximately HK$5,990,000 and approximately HK$19,169,000, respectively, as compared to the turnover and operating profit of approximately HK$34,876,000 and approximately HK$6,666,000, respectively for the preceding year.

The decrease in turnover was mainly due to the unfavorable and competitive business environment of the telecommunications products in the PRC whereas the operating loss was primarily attributable to the write-down of certain assets in this business segment.

Trading of iron ores

For the year ended 31 March 2011, a turnover of approximately HK$301,000 was generated from the trading of iron ores (2010: Nil). The processing factory of the iron ores is still under construction. It is currently expected that the iron mine will commence commercial operation in mid July 2011.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 March 2011, cash and bank deposits of the Group amounted to approximately HK$21,695,000, representing an increase of 213.1% comparing with the cash and bank deposits of approximately HK$6,930,000 as at 31 March 2010. The Group's net current assets amounted to approximately HK$12,412,000 as at 31 March 2011, whereas the Group recorded net current liabilities of approximately HK$869,000 as at 31 March 2010.

During the year, the Company raised approximately HK$46 million by way of rights issue of 486,314,000 rights shares at subscription price of HK$0.1 per rights share on the basis of one rights share for every existing share held by qualifying shareholder on the record date. The rights shares were fully subscribed and dealing of the fully-paid rights shares commenced on 15 September 2010.

The Group's gearing ratio, which was defined as the ratio of long term borrowings to total equity, was nil as at 31 March 2011 (31 March 2010: Nil).

Treasury policies

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 minimise exposure to foreign exchange risk. Since most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi, 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. As at 31 March 2011, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purpose.

Capital commitment

As at 31 March 2011, the Group had not authorised or contracted for any capital expenditure commitments and had no future plans for material investments in capital assets other than the acquisition of Linkful Wise Group Holdings Limited.

Contingent liabilities

As at 31 March 2011, the Group did not have any material contingent liabilities.

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 and depending upon the financial performance of the Group.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board" or the "Directors") of Great World Company Holdings Ltd (the "Company") is committed to maintain a high standard of corporate governance practices and procedures. The Board believes that good corporate governance provides a framework that is essential for a high quality of management, successful business growth of the Group and enhancing shareholders' value. The Company has applied the principles in and complied with the requirements of the Code on Corporate Governance Practices as set out in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprises Markets on The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") throughout the year ended 31 March 2011.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Director's securities transaction in securities of the Company. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings as set out at the adopted code of conduct regarding Directors' securities transaction throughout the year ended 31 March 2011.

BOARD OF DIRECTORS

The Board currently comprises of four executive Directors, namely Ms. Ng Mui King, Joky (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; and three independent non-executive Directors, namely Mr. Chung Koon Yan, Ms. Hui Sin Man, Alice and Mr. Chan Ying Cheong.

The Board is responsible for reviewing, evaluating and finalising 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 to the management include the preparation of annual and interim accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Details of backgrounds and qualifications of the Directors are set out on pages 5 of 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 his/her duties effectively and efficiently. There is no relationship among the members of the Board. The Company has received, from each of the independent non-executive Director, 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.

Corporate Governance Report

For the year ended 31 March 2011, inclusive of the regular board meetings held for each quarter, the Board held a total of 18 board meetings. The attendance of each Director is set out below.

Directors	Attendance
Executive Directors	
Ms. Ng Mui King, Joky *(Chairman)*	18/18
Mr. Wong Kai Tat	18/18
Mr. Tong Wang Shun	18/18
Ms. Zeng Jieping (appointed on 10 May 2010)	18/18
Non-executive Director	
Mr. Pong Shing Ngai	18/18
Independent non-executive Directors	
Ms. Hui Sin Man, Alice	18/18
Mr. Chung Koon Yan	18/18
Mr. Chung Kam Fai, Raymond (ceased on 9 May 2010)	0/0
Mr. Ng Edwin (appointed on 10 May 2010 and resigned on 30 September 2010)	8/9
Mr. Chan Ying Cheong (appointed on 30 September 2010)	9/9

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Ms. Ng Mui King, Joky is the chairman of the Group whereas the chief executive officer of the Company remains vacant.

NON-EXECUTIVE DIRECTOR

The term of appointment of the non-executive Director is two years commenced on 9 May 2011.

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 on Corporate Governance Practices. The remuneration committee comprises one executive Director, namely Ms. Ng Mui King, Joky (Mr. Wong Kai Tat as her alternate) and two independent non-executive Directors, namely Ms. Hui Sin Man, Alice (chairman of the remuneration committee) and Mr. Chan Ying Cheong. Mr. Chan Ying Cheong was appointed as the member of the remuneration committee on 30 September 2010 to fill the vacancy arising from the resignation of Mr. Ng Edwin on the same date.

The principal responsibilities of the remuneration committee include (i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all executive Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; (iv) reviewing and approving the compensation payable to executive Directors and senior management of the Company in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company; and (v) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.

The remuneration committee held 2 meetings during the year under review. Details of the attendance of the remuneration committee meetings are as follows:

Members	Attendance
Ms. Hui Sin Man, Alice *(Chairman)*	2/2
Ms. Ng Mui King, Joky	2/2
Mr. Ng Edwin (resigned on 30 September 2010)	1/1
Mr. Chan Ying Cheong (appointed on 30 September 2010)	0/0

NOMINATION OF DIRECTORS

The Board is responsible for considering the suitability of a candidate to act as a director as well as approving the appointment and termination 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.

AUDITORS' REMUNERATION

Remuneration paid and payable to the auditors of the Company in respect of their services for the year ended 31 March 2011 are as follows:

Services rendered	HK$'000
Audit services	320
Other services	436

The non-audit related services mainly consisted of reviewing services and preparing accountants' report on pro-forma financial information in investment circulars.

AUDIT COMMITTEE

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 Code on Corporate Governance Practices. 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. Chan Ying Cheong. Mr. Chan Ying Cheong was appointed as the member of the audit committee on 30 September 2010 to fill the vacancy arising from the resignation of Mr. Ng Edwin on the same date.

The primary duties of the audit committee include (i) making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor; (ii) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; (iii) discussing with the auditor the nature and scope of the audit and reporting obligations before the audit commences; (iv) developing and implementing policy on the engagement of an external auditor to supply non-audit services; and (v) monitoring integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and quarterly reports, and reviewing significant financial reporting judgements contained in them. The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

The audit committee held 6 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)*	6/6
Ms. Hui Sin Man, Alice	6/6
Mr. Ng Edwin (resigned on 30 September 2010)	3/4
Mr. Chan Ying Cheong (appointed on 30 September 2010)	2/2

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 statements of the external auditors of the Company, Grant Thornton Jingdu Tianhua, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 21 to 22 of this annual report.

INTERNAL CONTROL

The Board is responsible for reviewing the Group's internal control system. During the year ended 31 March 2011, 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.

Report of the Directors

The directors of Great World Company Holdings Ltd (the "Company") submit their report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are engaged in (i) the assembly, distribution, integration of telecommunications products and (ii) operation of iron mines in the PRC.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2011 are set out in the Consolidated Income Statement on page 23.

The Directors do not recommend the payment of dividend.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 27 to the financial statements and in the Consolidated Statement of Changes in Equity on page 27.

PROPERTY, PLANT AND EQUIPMENT

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

PRINCIPAL PROPERTIES

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

FIVE-YEAR FINANCIAL SUMMARY

Results, assets and liabilities of the Group for each of the last five financial years are summarised on page 76.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 26 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 its shares during the year.

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 pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float of not less than 25% of the Company's total issued shares as required under the GEM Listing Rules.

SHARE OPTIONS

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.

Options may be exercised at any time during the specified option period. The exercise price shall be determined by the Directors, 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.

No option had been granted since the date of adoption of the 2002 Share Option Scheme up to 28 February 2008. There is no movement during the year under review except that the exercise price was adjusted from HK$0.319 to HK$0.23925 and the total outstanding options was adjusted from 7,436,000 shares to 9,914,668 shares effective from 13 September 2010 upon the issue of rights shares in the rights issue of the Company. The following table discloses movements of the Company's share options granted under the 2002 Share Option Scheme for the year ended 31 March 2011:

Grantee	Date of grant	Exercise price HK$	Exercise period	Outstanding as at 1 April 2010	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Outstanding as at 31 March 2011
Directors									
Ms. Ng Mui King, Joky	29/2/2008	0.23925	29/2/2008 to 2/8/2012	338,000	–	–	–	112,667	450,667
Mr. Wong Kai Tat	29/2/2008	0.23925	29/2/2008 to 2/8/2012	3,380,000	–	–	–	1,126,667	4,506,667
Ms. Hui Sin Man, Alice	29/2/2008	0.23925	29/2/2008 to 2/8/2012	338,000	–	–	–	112,667	450,667
Sub-total				4,056,000	–	–	–	1,352,001	5,408,001
Employees	29/2/2008	0.23925	29/2/2008 to 2/8/2012	3,380,000	–	–	–	1,126,667	4,506,667
Total				7,436,000	–	–	–	2,478,668	9,914,668

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 was estimated as at the date of grant, using the Binomial option pricing model, taking into account of 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 2011.

Report of the Directors

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. Tong Wang Shun	
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 and resigned on 30 September 2010)
Mr. Chan Ying Cheong	(appointed on 30 September 2010)

The service contract of Mr. Wong Kai Tat ("Mr. Wong") will expire on 1 July 2011. In light of the size of the Board and Mr. Wong's desire to spend more time on his other business commitments including his own accounting firm, neither the Company nor Mr. Wong intends to renew the service contract upon its expiry. Accordingly, Mr. Wong will cease to be an executive Director on 1 July 2011.

In accordance with Article 117 of the articles of association of the Company, Mr. Tong Wang Shun and Mr. Chung Koon Yan will retire by rotation and both of them will offer themselves for re-election at the forthcoming annual general meeting.

Mr. Chan Ying Cheong has been appointed by the Board as independent non-executive Director with effect from 30 September 2010. Pursuant to Article 100 of the articles of association of the Company, Mr. Chan shall hold office until the next annual general meeting following his appointment and shall then be eligible for re-election at the annual general meeting. Mr. Chan confirmed that he will offer himself for re-election at the annual general meeting.

The Company has received written confirmations from all independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and therefore considers all independent non-executive Directors to be independent.

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

There were no contracts or arrangements subsisting which a Director was materially interested and which was significant in relation to the business of the Group at any time during the year ended 31 March 2011.

INTERESTS OF DIRECTORS

As at 31 March 2011, the interests and short positions of the Directors or chief executive of the Company 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 required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO), 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 Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in shares and underlying shares of the Company

	Number of ordinary shares of HK$0.1 each and the underlying shares					
Name of Directors	Personal interest	Family interest	Corporate interest	Other interest	Total number of shares and underlying shares of the Company	Approximate percentage of the issued share capital of the Company
Ms. Ng Mui King, Joky	450,667 (Note 1)	–	337,920,000 (Note 2)	–	338,370,667	34.79%
Mr. Wong Kai Tat	11,506,667 (Note 3)	–	–	–	11,506,667	1.18%
Ms. Hui Sin Man, Alice	450,667 (Note 4)	–	–	–	450,667	0.046%

Notes:

1. Ms. Ng Mui King, Joky holds 450,667 share options (which are unlisted and physically settled equity derivatives) at the exercise price of HK$0.23925 per share.

2. These 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. Yang Cheng is 100% beneficial owner of Fine Day Asset Holdings Inc..

3. The 11,506,667 shares include (i) 7,000,000 shares for the personal interest of Mr. Wong Kai Tat and (ii) 4,506,667 share options (which are unlisted and physically settled equity derivatives) at the exercise price of HK$0.23925 per share.

4. Ms. Hui Sin Man, Alice holds 450,667 share options (which are unlisted and physically settled equity derivatives) at the exercise price of HK$0.23925 per share.

Save as disclosed above, as at 31 March 2011, none of the Directors and the chief executives of the Company had any interests and short positions in the shares, the underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO), 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 Rules 5.46 to 5.67 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 or its subsidiaries 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 OF SUBSTANTIAL SHAREHOLDERS AND OTHER SHAREHOLDERS

As at 31 March 2011, save as disclosed below, so far is known to the Directors and the chief executives of the Company, no persons (other than a Director or a chief executive of the Company) has an interest or short position in the shares and underlying shares of the Company which will be fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and or were required to be notified to the Company and the Stock Exchange pursuant to section 3 and 4 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 circumstance at general meetings of any member of the Group.

Long positions in shares of the Company

Name of shareholder	Capacity	Total number of shares of HK$0.1 each	Approximate percentage of the issued share capital of the Company
Gold City Assets Holdings Ltd. (Note 1)	Beneficial owner	337,920,000	34.74%
Fine Day Asset Holdings Inc. (Note 1)	Interest of a controlled corporation	337,920,000	34.74%
Mr. Tong Wang Chow (Note 2)	Beneficial owner	77,904,000	8.01%
Mr. Huang Shih Tsai (Note 3)	Beneficial owner	324,200,000	33.33%

Notes:

1. Pursuant to the SFO, Fine Day Asset Holdings Inc. is deemed interested in this shareholding interest through Gold City Assets Holdings Ltd., which is a company owned as to 51% by Ms. Ng Mui King, Joky and 49% by Fine Day Asset Holdings Inc.. Ms. Ng Mui King, Joky is an executive Director and also a director of Gold City Assets Holdings Ltd.. Ms. Yang Cheng is 100% beneficial owner of Fine Day Asset Holdings Inc..

2. Mr. Tong Wang Chow is the elder brother of Mr. Tong Wang Shun, an executive Director.

3. Pursuant to the SFO, Mr. Huang Shih Tsai is interested in the 155,000,000 consideration shares and the 169,200,000 conversion shares which may be issued upon completion of the acquisition of 100% equity interest in a company wholly-owned by Mr. Huang Shih Tsai. Details have been disclosed in the Company's circular dated 8 April 2011.

COMPETING INTEREST

None of the Directors or their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Company or, any other conflicts of interest with the Company.

CONNECTED TRANSACTION

On 3 November 2010, China Score International Holdings Limited ("China Score"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement in relation to the acquisition of the remaining 49% of the entire equity interest in 鳳山縣黔興礦業有限責任公司 (Feng Shan Xian Qian Xing Mining Industry Company Limited*) ("Feng Shan") at a cash consideration of RMB2.8 million and the parties to the acquisition agreement agreed to waive the profit guarantee of Feng Shan of at least RMB10 million for the two years ending 31 December 2010 and 31 December 2011 and transfer the shareholder's loan to China Score upon completion of acquisition of Feng Shan. Details of the acquisition agreement are set out in a circular of the Company dated 24 November 2010.

Such acquisition constituted a connected transaction for the Company under Chapter 20 of the GEM Listing Rules and was subject to announcement, reporting and independent shareholders' approval requirements under the GEM Listing Rules. The Company had complied with all the requirements. All conditions to the acquisition agreement have been fulfilled and completion of the acquisition has taken place on 6 January 2011.

EVENTS AFTER THE REPORTING PERIOD

(a) Golden Strategy Limited ("Golden Strategy"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement on 25 February 2011 and a supplemental agreement on 2 March 2011 with an independent third party, in relation to the acquisition of the entire issued share capital of Linkful Wise Group Holdings Limited, whose principal asset represents interest in a property located in Leshan City, Sichuan Province, the PRC, at an aggregate consideration of HK$150,800,000 (subject to adjustment).

    The consideration is to be satisfied as to (i) HK$31,000,000 by the issue and allotment of the 155,000,000 consideration shares by the Company at the issue price of HK$0.20 per share to the vendor (or its nominee(s)) upon completion of the acquisition; (ii) HK$33,840,000 by the issue of the convertible note by the Company at an initial conversion price of HK$0.20 per conversion share to the vendor (or its nominee(s)) upon completion of the acquisition; (iii) HK$10,000,000 in cash (HK$2,000,000 of which has been paid as a refundable deposit within 2 business days after the signing of the acquisition agreement); and (iv) HK$75,960,000 by the issue of the promissory note by Golden Strategy on the first anniversary of completion of the acquisition to the vendor.

    Such acquisition constituted a very substantial acquisition for the Company under the GEM Listing Rules and is subject to reporting, announcement and shareholders' approval requirements under the GEM Listing Rules. A circular containing further details of the acquisition and information required under the GEM Listing Rules has been despatched to the shareholders of the Company on 8 April 2011. The acquisition has been approved by the shareholders of the Company at an extraordinary general meeting of the Company held on 27 April 2011. As at the date of this report, the acquisition has not been completed yet.

(b) On 24 June 2011, the Company announced that the Board has decided it will proceed to wind up 北京康大奈特通信設備有限公司 (Beijing Kong Da Net Telecommunications Equipment Ltd.*) ("Beijing Company"), a subsidiary of the Company in which the Company has 75% indirect equity interest, and the Board will also consider the possibility of disposing the Group's entire interests in Beijing Company to other independent third parties (where possible).

* *For identification purpose only*

Beijing Company is a sino-foreign equity joint venture company in which the Company, through its wholly-owned subsidiary, has 75% equity interest and two independent shareholders (the "Minority Shareholders") holding 17% and 8% equity interest respectively. The Company has received advice from its PRC legal advisers that they have not been able to establish contact with the Minority Shareholders for the extension of the operating period of Beijing Company which expired in December 2010. Further, the Company has been advised that one of the Minority Shareholders with 8% equity interest in Beijing Company appear to have been de-registered.

In light of the continually and increasingly adverse business environment in the telecommunications sector in the PRC and the above circumstances, the Board has decided it will proceed to wind up the Beijing Company in order to focus the Group's resources on the other business segments with better prospects. The Company is consulting its PRC legal advisers as to the implementation of the winding up of the Beijing Company which has not commenced, and measures that could be taken to safeguard assets of the Beijing Company and the interests of the shareholders of the Company. The Board will also consider the possibility of disposing the Group's entire interests in the Beijing Company to other independent third parties (where possible).

The Company has been advised by its PRC legal advisers that no prior regulatory consent is required for the winding up of the Beijing Company and in the meantime, the Beijing Company is still a valid legal entity pursuant to Clause 45 of the Regulations of the People's Republic of China on Administration of Registration of Companies (中華人民共和國公司登記管理條例) until the Beijing Company is wound up. The Beijing Company will (and, based on advice of the Group's PRC legal advisers, is permitted to) continue to receive such revenue generated from orders which have been placed with it prior to the date of expiry of its operating period. As a consequence, the carrying amounts of certain assets (mainly inventories and trade and other receivables) of the Beijing Company are written down to their estimated recoverable amounts while revenue contribution from the Beijing Company will reduce significantly and will eventually cease.

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	45%
— five largest customers combined	83%

Purchases

— the largest supplier	44%
— five largest suppliers combined	85%

None of the Directors, their associates or any substantial shareholders had an interest in the major customers or suppliers noted above.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Director's securities transaction in securities of the Company. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings as set out at the adopted code of conduct regarding Directors' securities transaction throughout the year ended 31 March 2011.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in accordance with Rules 5.28 to 5.29 of the GEM Listing Rules. As at 31 March 2011, the audit committee comprises of three independent non-executive Directors of the Company, namely Mr. Chung Koon Yan (chairman of the audit committee), Ms. Hui Sin Man, Alice and Mr. Chan Ying Cheong. The primary duties of the audit committee include (i) making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor; (ii) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; (iii) discussing with the auditor the nature and scope of the audit and reporting obligations before the audit commences; (iv) developing and implementing policy on the engagement of an external auditor to supply non-audit services; and (v) monitoring integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and quarterly reports, and reviewing significant financial reporting judgements contained in them. The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 March 2011 were audited by Grant Thornton Jingdu Tianhua, who were appointed as the Company's auditors on 20 May 2011 to fill the casual vacancy arising from the resignation of LO & LO CPA Limited due to its restructuring with Grant Thornton Jingdu Tianhua, on the same date.

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. 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 reappoint Grant Thornton Jingdu Tianhua as the Company's auditors.

On behalf of the Board
Ng Mui King, Joky
Chairman

Hong Kong, 30 June 2011

Grant Thornton
京都天华

Member of Grant Thornton International Ltd

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 (together the "Group") set out on pages 23 to 75, which comprise the consolidated and the company statements of financial position as at 31 March 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statements 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 information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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

Independent Auditors' Report

Grant Thornton
京都天华

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011 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 disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton Jingdu Tianhua
Certified Public Accountants
20th Floor, Sunning Plaza
10 Hysan Avenue, Causeway Bay
Hong Kong

30 June 2011

Consolidated Income Statement

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	5(a)	**6,291**	34,876
Cost of sales		**(5,905)**	(27,147)
Gross profit		**386**	7,729
Other revenue and net income	5(b)	**955**	7,584
Selling and distribution costs		**(1,480)**	(1,754)
Administrative and other operating expenses		**(33,987)**	(21,905)
Finance costs	6	**–**	(16)
Share of profits of associate		**106**	1,904
Loss before tax	7	**(34,020)**	(6,458)
Income tax	8	**447**	308
LOSS FOR THE YEAR		**(33,573)**	(6,150)
Loss for the year attributable to:			
Owners of the Company		**(28,553)**	(6,892)
Non-controlling interests		**(5,020)**	742
		(33,573)	(6,150)
Loss per share	11		(Restated)
— Basic and diluted		**HK3.46 cents**	HK1.13 cents

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	2011 **HK$'000**	2010 HK$'000
Loss for the year	**(33,573)**	(6,150)
Other comprehensive income:		
Exchange difference arising on translation of foreign operations	**1,606**	102
Total comprehensive income for the year	**(31,967)**	(6,048)
Total comprehensive income attributable to:		
Owners of the Company	**(27,023)**	(6,796)
Non-controlling interests	**(4,944)**	748
	(31,967)	(6,048)

Consolidated Statement of Financial Position

As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**2,820**	3,034
Goodwill	15	**10,798**	10,335
Other intangible assets	16	**782**	864
Interests in associate	17	**18,955**	18,015
Deferred tax assets	25	**959**	486
		34,314	32,734
CURRENT ASSETS			
Inventories	20	**21**	11,589
Trade and other receivables	21	**6,551**	15,244
Cash and bank deposits	22	**21,695**	6,930
		28,267	33,763
CURRENT LIABILITIES			
Trade and other payables	23	**(15,580)**	(29,075)
Amounts due to directors	24	**(275)**	(5,557)
		(15,855)	(34,632)
NET CURRENT ASSETS/(LIABILITIES)		**12,412**	(869)
NET ASSETS		**46,726**	31,865
CAPITAL AND RESERVES			
Share capital	26	**97,263**	48,631
Reserves	27	**(47,875)**	(18,831)
Equity attributable to owners of the Company		**49,388**	29,800
Non-controlling interests		**(2,662)**	2,065
EQUITY		**46,726**	31,865

Approved and authorised for issue by the board of directors on 30 June 2011

NG Mui King, Joky
Director

TONG Wang Shun
Director

Statement of Financial Position

As at 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**49**	84
Investments in subsidiaries	18	**20**	1
Amounts due from subsidiaries	19	**35,588**	26,514
		35,657	26,599
CURRENT ASSETS			
Trade and other receivables	21	**792**	235
Cash and bank deposits	22	**20,648**	587
		21,440	822
CURRENT LIABILITIES			
Trade and other payables	23	**(837)**	(1,410)
Amounts due to directors	24	**(275)**	(5,557)
		(1,112)	(6,967)
NET CURRENT ASSETS/(LIABILITIES)		**20,328**	(6,145)
NET ASSETS		**55,985**	20,454
CAPITAL AND RESERVES			
Share capital	26	**97,263**	48,631
Reserves	27	**(41,278)**	(28,177)
EQUITY		**55,985**	20,454

Approved and authorised for issue by the board of directors on 30 June 2011

NG Mui King, Joky
Director

TONG Wang Shun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	PRC statutory reserves HK$'000	Translation reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 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)
Transaction with owner	8,000	12,149	–	–	–	–	–	20,149	–	20,149
At 31 March 2010 and 1 April 2010	48,631	122,081	706	3,808	3,546	–	(148,972)	29,800	2,065	31,865
Total comprehensive income for the year	–	–	–	–	1,530	–	(28,553)	(27,023)	(4,944)	(31,967)
Rights shares issued	48,632	–	–	–	–	–	–	48,632	–	48,632
Cost attributable to issue of rights shares	–	(2,346)	–	–	–	–	–	(2,346)	–	(2,346)
Changes in equity interest in subsidiary that do not result in a change of control	–	–	–	–	11	314	–	325	217	542
Transaction with owner	48,632	(2,346)	–	–	11	314	–	46,611	217	46,828
At 31 March 2011	97,263	119,735	706	3,808	5,087	314	(177,525)	49,388	(2,662)	46,726

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(34,020)**	(6,458)
Adjustments for:			
Interest income		**(8)**	(9)
Finance costs		**–**	16
Depreciation and amortisation		**326**	327
Share of profits of associate		**(106)**	(1,904)
Impairment loss/loss on written off of property, plant and equipment		**431**	1
Reversal of impairment loss on trade receivables		**–**	(2,390)
Impairment loss on trade receivables		**7,398**	828
Loss on written off of other receivables		**453**	–
Write-down of obsolete inventories		**12,642**	900
Loss on disposal of subsidiaries	28	**21**	–
Operating loss before movements in working capital		**(12,863)**	(8,689)
Increase in inventories		**(554)**	(6,977)
Decrease/(increase) in trade and other receivables		**1,523**	(5,405)
(Decrease)/increase in trade and other payables		**(9,743)**	4,196
(Decrease)/increase in amounts due to directors		**(5,283)**	2,155
Cash used in operations		**(26,920)**	(14,720)
Tax paid		**–**	(112)
NET CASH USED IN OPERATING ACTIVITIES		**(26,920)**	(14,832)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on bank deposits		**8**	9
Purchase of property, plant and equipment		**(298)**	(1,187)
Disposal of subsidiaries, net of cash disposed of	28	**(33)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(323)**	(1,178)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans		**–**	(235)
Proceeds from issue of ordinary shares		**48,632**	21,200
Share issue expenses		**(2,346)**	(1,051)
Payment to acquire additional interest in a subsidiary		**(4,449)**	–
Interest and other finance expenses paid		**–**	(16)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**41,837**	19,898
NET INCREASE IN CASH AND CASH EQUIVALENTS		**14,594**	3,888
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**6,930**	3,030
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**171**	12
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**21,695**	6,930
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank deposits	22	**21,695**	6,930

As at 31 March 2011, the Group had cash and bank deposits denominated in Renminbi of approximately HK$1,006,000 (2010: HK$5,969,000). The remittance of these funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

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 section headed "Corporate Information" on page 2 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, 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 for the first time, the following revised standard issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which is relevant to and effective for the Group's financial statements for the annual period beginning from 1 April 2010.

HKAS 27 Consolidated and Separate Financial Statements (Revised 2008)

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies for the Group's changes in ownership interests in subsidiaries of the Group.

Specifically, the revised standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (Revised 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

At the date of authorisation of these financial statements, the HKICPA has issued a number of new or amended HKFRSs but are not yet effective and have not been early adopted in these financial statements.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

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

HKFRS 9 Financial Instruments

The standard is effective for annual periods beginning on or after 1 January 2013.

Under HKFRS 9, all recognised financial assets that are within the scope of the HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically under HKFRS 9, for all financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

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 HKICPA and the accounting principles generally accepted in Hong Kong. These financial statements also include applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

These financial statements have been prepared using the historical cost basis.

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 made up to 31 March each year.

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 in line with those of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

All intra-group transactions, balances, unrealised gain and losses in transactions between group companies 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.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

(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. 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.

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 or associate recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment losses. Capitalised goodwill on acquisitions of subsidiaries is presented separately.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

(e) Associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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

When the Group's share of losses exceeds its interests in the associate, 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. For this purpose, the Group's interests in the associate 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.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associate, 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 are stated at cost less any impairment losses, unless it is classified as held for sale.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Revenue recognition

Revenue, which is measured at the fair value of the consideration received or receivable for the sales of goods, services rendered and the use of the Group's assets yielding interests, net of discounts and, 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.

(g) 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.

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.

(h) 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)

(h) 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 other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

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.

(i) 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.

(j) 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).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Taxation

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the 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, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The costs of an item of property, plant and equipment comprises its purchase price and any directly attributable costs bringing the assets to its working condition and location of intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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 available for use at the following rates:

Buildings	Over the unexpired lease terms of land on which the building is erected
Leasehold improvements	10% to 25% or shorter of the lease
Furniture and equipment	5% to 25%
Motor vehicles	10% to 25%

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 is stated at cost less impairment losses. Cost includes all construction expenditure and other direct costs, including interest costs, attributable to such projects. Costs on completed construction works are transferred to the appropriate asset category. No depreciation is provided in respect of construction in progress until it is completed and available for use.

(m) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation, where the estimated useful life is finite, and any impairment losses.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of non-current assets

Property, plant and equipment, goodwill, other intangible assets, interests in associate and investments in subsidiaries are subject to impairment test.

Goodwill and other intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(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 assets

The Group's financial assets are classified into loans and receivables. Financial assets are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets as appropriate, on 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.

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

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

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

- Significant financial difficulty of the debtor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Financial assets (continued)

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If objective evidence exists, the amount of impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods. The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss of the period in which the reversal occurs.

Impairment losses on financial assets that are stated at amortised cost, are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(r) Financial liabilities

The Group's financial liabilities include trade and other payables and amount due to directors.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Trade and other payables and amount due to directors are recognised initially at their fair value net of transaction costs and subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Provisions and contingent liabilities

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

Equity-settled share-based payment transactions

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 chief operating decision markers 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 goodwill

In determining whether goodwill is impaired, the Group has to exercise judgment in the area of impairment, particularly in assessing: (1) whether an event has occurred that may effect the carrying value; (2) whether the carrying value of goodwill can be supported by net present value of future cash flows 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 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 some portion or all or 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 the consolidated income statement.

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 non-current assets

The management determines whether a non-current 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

	2011 **HK$'000**	2010 HK$'000
Sales of goods, net of discounts and value-added tax	**6,291**	34,876

(b) Other revenue and net income

	2011 **HK$'000**	2010 HK$'000
Bank interest income	**8**	9
Other service income	**829**	4,615
Written back of trade receivables	**118**	—
Reversal of impairment loss on trade receivables	**—**	2,390
Sundry income	**—**	570
	955	7,584

6. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest and other finance expenses on unsecured borrowings wholly repayable within 5 years	–	16

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	2011 HK$'000	2010 HK$'000
Staff costs (including directors' remuneration)		
— salaries and other benefits	7,920	6,732
— contributions to defined contribution retirement benefit schemes	217	144
	8,137	6,876
Other items		
— inventories recognised as an expense	5,905	27,147
— write-down of obsolete inventories	12,642	900
Auditors' remuneration		
— audit services	320	280
— other services	156	170
Depreciation and amortisation	326	327
Operating lease charges in respect of land and buildings	895	1,053
Impairment loss on trade receivables	7,398	828
Loss on written off of other receivables	453	—
Impairment loss/loss on written off of property, plant and equipment	431	1
Net foreign exchange losses	36	40

8. INCOME TAX

	2011 HK$'000	2010 HK$'000
Current tax:		
Hong Kong profits tax	**–**	–
PRC enterprise income tax	**–**	(178)
Deferred tax	**447**	486
Tax income for the year	**447**	308

Hong Kong profits tax and PRC enterprise income tax has not been provided for as the Company and its subsidiaries subject to Hong Kong profits tax and PRC enterprise income tax incurred a loss for tax purposes (2010: Hong Kong profits tax has not been provided for as the Company and its subsidiaries subject to Hong Kong profits tax incurred a loss for tax purposes, PRC enterprise income tax has been provided at the applicable rate of 25% based on the estimated assessable profit for the year).

The tax income for the year can be reconciled to the accounting loss as follows:

	2011 HK$'000	2010 HK$'000
Loss before tax and before share of profits of associate	**34,126**	8,362
Notional tax on loss before tax, calculated at the tax rates applicable to jurisdictions concerned	**7,691**	3,269
Tax effect of income not taxable	**12**	56
Tax effect of expenses not deductible and losses not allowable	**(6,776)**	(2,923)
Tax effect of temporary differences not recognised	**(480)**	2
Tax under-provided in previous year	**–**	(96)
Tax income for the year	**447**	308

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

(a) Directors' remuneration

The remuneration paid or payable to each of the directors are as follows:

2011

	Fees HK$'000	Salaries and other benefits HK$'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. Tong Wang Shun	–	520	–	520
Ms. Zeng Jieping (appointed on 10 May 2010)	–	232	11	243
Non-executive director:				
Mr. Pong Shing Ngai	–	195	9	204
Independent non-executive directors:				
Ms. Hui Sin Man, Alice	130	–	6	136
Mr. Chung Koon Yan	130	–	6	136
Mr. Chung Kam Fai, Raymond (ceased on 9 May 2010)	13	–	1	14
Mr. Ng Edwin (appointed on 10 May 2010 and resigned on 30 September 2010)	51	–	2	53
Mr. Chan Ying Cheong (appointed on 30 September 2010)	65	–	3	68
	389	4,627	62	5,078

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

(a) Directors' remuneration (continued)

2010

	Fees HK$'000	Salaries and other benefits HK$'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:				
Ms. Hui Sin Man, Alice	132	–	6	138
Mr. Chung Koon Yan	132	–	6	138
Mr. Chung Kam Fai, Raymond	132	–	6	138
	396	4,493	51	4,940

(b) Of the 5 individuals with the highest emoluments in the Group, 4 (2010: 4) are directors of the Company whose emoluments are set out above. The emoluments of the remaining 1 (2010: 1) non-director highest paid individual is as follow:

	2011 HK$'000	2010 HK$'000
Salaries and other benefits	**260**	650
Retirement benefit scheme contributions	**6**	12
	266	662

The emoluments of the 1 (2010: 1) non-director highest paid individual fell within the following band:

	Number of individual 2011	2010
Within HK$1,000,000	**1**	1

10. DIVIDEND

No dividend has been paid during the year nor proposed for the year (2010: 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$28,553,000 (2010: approximately HK$6,892,000) and the weighted average number of 826,067,616 (2010: 611,012,213) ordinary shares in issue during the year.

For the purpose of calculating basic loss per share, the number of shares for the year ended 31 March 2010 has been adjusted and restated to reflect the effect of the rights issue during the year.

There were no potential diluting events for both years ended 31 March 2011 and 2010 as the impact of exercise of share options was anti-dilutive.

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$9,580,000 (2010: HK$8,305,000) 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:

	2011 **HK$'000**	2010 HK$'000
Amount of consolidated loss attributable to equity owners dealt with in the Company's financial statements	**9,580**	8,305
Transaction costs for acquisition of additional equity interest in subsidiary that do not result in a change of control	**1,175**	—
Impairment losses recognised on amounts due from subsidiaries	**—**	4,679
Company's loss for the year (note 27(b))	**10,755**	12,984

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 2011 and 2010. An analysis of the Group's reportable segment revenue, results, assets, liabilities and other selected financial information is presented below.

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

2011

	Assembly, distribution and integration of telecommunications products HK$'000	Exploration, mining and processing of iron HK$'000	Total HK$'000
Revenue from external customers	5,990	301	6,291
Interest income	8	–	8
Depreciation and amortisation	14	276	290
Impairment loss on trade receivables	7,398	–	7,398
Loss on written off of other receivables	453	–	453
Write-down of obsolete inventories	9,366	3,276	12,642
Impairment loss/loss on written off of property, plant and equipment	32	399	431
Total loss of reportable segment other than associate	19,169	5,063	24,232
Share of profits of associate	106	–	106
Tax income	–	447	447
Total assets of reportable segment other than associate	3,553	16,499	20,052
Interests in associate	18,955	–	18,955
Expenditures for reportable segment non-current assets	–	296	296
Reportable segment liabilities	14,203	517	14,720

13. SEGMENT INFORMATION (continued)

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

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 income	8	1	9
Interest expense	—	8	8
Depreciation and amortisation	12	280	292
Write-down of obsolete inventories	900	—	900
Total profit/(loss) of reportable segment other than associate	6,666	(2,319)	4,347
Share of profits of associate	1,904	—	1,904
Tax (expense)/income	(178)	486	308
Total assets of reportable segment other than associate	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)

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

	2011 HK$'000	2010 HK$'000
Revenue		
Total revenue for reportable segment	**6,291**	34,876
Consolidated turnover	**6,291**	34,876
Profit or loss		
Total (loss)/profit for reportable segments other than associate	**(24,232)**	4,347
Share of profits of associate	**106**	1,904
Unallocated corporate income	**–**	342
Unallocated corporate expenses	**(9,894)**	(13,051)
Consolidated loss before tax	**(34,020)**	(6,458)
Assets		
Total assets for reportable segments other than associate	**20,052**	47,116
Interests in associate	**18,955**	18,015
Unallocated corporate assets	**23,574**	1,366
Consolidated total assets	**62,581**	66,497
Liabilities		
Total liabilities for reportable segments	**14,720**	27,643
Unallocated corporate liabilities	**1,135**	6,989
Consolidated total liabilities	**15,855**	34,632

(c) Geographical Information

The following table sets out information about the geographical location of (i) the Group's revenue 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 associate.

	Revenue from external customers		Specified non-current assets	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
PRC	**6,291**	34,876	**33,306**	32,164
Hong Kong	**–**	–	**49**	84
	6,291	34,876	**33,355**	32,248

13. SEGMENT INFORMATION (continued)

(d) Information about major customers

The total amounts of revenue from each of the 3 (2010: 3) major customers of the Group, revenue from each such customer amount to 10% or more of the Group's revenue, are approximately HK$3,247,000, HK$1,733,000 and HK$893,000 (2010: HK$12,281,000, HK$10,143,000 and HK$6,360,000) 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 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 and 1 April 2010	169	50	1,679	1,174	1,321	4,393
Additions	–	–	17	279	2	298
Written off	–	–	(11)	(555)	–	(566)
Exchange adjustments	7	–	70	52	59	188
At 31 March 2011	176	50	1,755	950	1,382	4,313
Accumulated depreciation and impairment:						
At 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 and 1 April 2010	169	24	566	600	–	1,359
Provided for the year	–	10	166	33	–	209
Impairment	–	–	32	–	–	32
Eliminated on written-off	–	–	(5)	(162)	–	(167)
Exchange adjustments	7	–	26	27	–	60
At 31 March 2011	176	34	785	498	–	1,493
Carrying amounts:						
At 31 March 2011	–	16	970	452	1,382	2,820
At 31 March 2010	–	26	1,113	574	1,321	3,034

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Total HK$'000
Cost:			
At 1 April 2009	50	126	176
Additions	—	3	3
At 31 March 2010 and 1 April 2010	50	129	179
Additions	—	2	2
At 31 March 2011	50	131	181
Accumulated depreciation and impairment:			
At 1 April 2009	14	46	60
Provided for the year	10	25	35
At 31 March 2010 and 1 April 2010	24	71	95
Provided for the year	10	27	37
At 31 March 2011	34	98	132
Carrying amounts:			
At 31 March 2011	16	33	49
At 31 March 2010	26	58	84

15. GOODWILL

	2011 HK$'000	2010 HK$'000
Cost:		
At beginning of the year	**10,335**	10,305
Exchange adjustments	**463**	30
At end of the year	**10,798**	10,335

15. GOODWILL (continued)

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

	2011 HK$'000	2010 HK$'000
Exploration, mining and processing of iron — 鳳山縣黔興礦業有限責任公司 ("Feng Shan")	**10,798**	10,335

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on a detailed budget plan, followed by an extrapolation using an estimated growth rate of 10%, which reflects the expected long term average growth rate in production and sales volume. The cash flows are discounted using a discount rate of 13%.

Management's key assumptions including budgeted sales, gross margins have been determined based on management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the above unit to exceed its recoverable amount.

16. OTHER INTANGIBLE ASSETS

The Group

	Mining right HK$'000
Cost:	
At 1 April 2009	1,148
Exchange adjustments	3
At 31 March 2010 and 1 April 2010	1,151
Exchange adjustments	52
At 31 March 2011	1,203
Accumulated amortisation and impairment:	
At 1 April 2009	172
Provided for the year	115
At 31 March 2010 and 1 April 2010	287
Provided for the year	117
Exchange adjustments	17
At 31 March 2011	421
Carrying amount:	
At 31 March 2011	782
At 31 March 2010	864

The cost of mining right represents 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 is provided for using the straight-line method to write off the cost over the term of the Permit.

17. INTERESTS IN ASSOCIATE

The Group

	2011 HK$'000	2010 HK$'000
Share of net assets	**18,955**	18,015

Particulars of the Group's associate as at 31 March 2011 are as follows:

Name	**Place of incorporation/ operation**	**Registered capital**	**Principal activities**
上海華誠通信器材有限公司 ("Shanghai Hua Cheng")	PRC	US$1,500,000	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 2011 and 2010 have been used after making adjustments, as appropriate, for compliance with accounting principles generally accepted in Hong Kong.

A scheme of capital reduction was carried out by Shanghai Hua Cheng during the year ended 31 March 2009 to reduce the paid-up capital of Shanghai Hua Cheng from US$1,500,000 to US$1,050,000 (the "Capital Reduction Scheme") which changed the equity interest attributable to the Group in Shanghai Hua Cheng from 30% to 42.86% after the capital reduction, The Capital Reduction Scheme is subject to the completion of registration with and the approval from Shanghai Municipal Commission and Commerce.

In accordance to the legal opinions issued by PRC legal advisers, the Group effectively own 42.86% equity interest in Shanghai Hua Cheng. Accordingly, the Group equity accounted for 42.86% of the result of Shanghai Hua Cheng after the capital reduction.

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:

	2011 HK$'000	2010 HK$'000
Results		
Turnover for the year	**49,830**	33,114
Profit for the year	**248**	4,441
Group's share of profits for the year, after share of tax expense of approximately HK$263,000 (2010: HK$666,000)	**106**	1,904
Financial position		
Total assets	**69,192**	57,765
Total liabilities	**(24,967)**	(15,733)
Net assets	**44,225**	42,032
Group's share of net assets	**18,955**	18,015

18. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2011	2010
	HK$'000	HK$'000
Unlisted equity shares, at cost	**20**	1

Details of principal subsidiaries as at 31 March 2011, which materially affected the Group's results or net assets, are set out in note 36.

19. AMOUNTS DUE FROM SUBSIDIARIES

	The Company	
	2011	2010
	HK$'000	HK$'000
Amounts due from subsidiaries	**40,267**	31,193
Impairment losses	**(4,679)**	(4,679)
	35,588	26,514

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	
	2011	2010
	HK$'000	HK$'000
Production materials	**–**	8,882
Semi-finished goods	**–**	130
Finished goods	**21**	2,577
	21	11,589

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**10,580**	14,546	**–**	–
Less: provision for impairment of trade receivables	**(8,288)**	(829)	**–**	–
	2,292	13,717	**–**	–
Other receivables, prepayments and deposits	**4,259**	1,527	**792**	235
	6,551	15,244	**792**	235
An aged analysis of trade receivables based on invoice date is as follows:				
Within 3 months	**–**	11,147	**–**	–
Over 3 months but within 1 year	**2,292**	2,570	**–**	–
	2,292	13,717	**–**	–

The general credit term 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$2,292,000 (2010: HK$2,570,000) 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 receivables past due but not impaired:

	The Group	
	2011	2010
	HK$'000	HK$'000
Overdue by:		
1 day to 9 months	**2,292**	2,570

21. TRADE AND OTHER RECEIVABLES (continued)

The movement in the provision for impairment of trade receivables is as follows:

	The Group	
	2011 HK$'000	2010 HK$'000
At beginning of the year	829	2,323
Impairment loss recognised	7,398	828
Impairment loss reversed	–	(2,390)
Exchange adjustments	61	68
At end of year	8,288	829

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. CASH AND BANK DEPOSITS

	The Group		The Company	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Deposits with banks and other financial institutions	21,689	6,407	20,648	587
Cash in hand	6	523	–	–
	21,695	6,930	20,648	587

23. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Trade payables	13,278	17,782	–	–
Other payables and accrued charges	2,302	11,293	837	1,410
	15,580	29,075	837	1,410
An aged analysis of the trade payables is as follows:				
Within 3 months	1,307	11,484	–	–
Over 3 months but within 1 year	11,911	6,298	–	–
Over 1 year	60	–	–	–
	13,278	17,782	–	–

24. AMOUNTS DUE TO DIRECTORS

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

25. DEFERRED TAXATION

The Group

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

	Unused tax losses	
	2011	2010
	HK$'000	HK$'000
At beginning of the year	**486**	—
Credited to profit or loss for the year	**447**	486
Exchange differences	**26**	—
At end of the year	**959**	486

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

No deferred tax asset has been recognised in the consolidated financial statements in respect of tax losses of HK$11,259,000 (2010: HK$9,338,000) of the Group available to offset future profits due to the unpredictability of future profit streams against which the asset can be utilised. Unrecognised tax losses of HK$9,338,000 (2010: HK$9,338,000) do not expire under current tax legislation. Remaining tax losses amounting to HK$1,921,000 (2010: Nil) expire in 2016. The unrecognised deferred tax asset of the Group in respect of deductible temporary difference attributable to unused tax losses as at 31 March 2011 amounted to approximately HK$2,021,000 (2010: HK$1,541,000).

There are no other significant deferred tax assets not recognised as at 31 March 2011 and 2010.

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 2011.

The Company

No deferred tax asset has been recognised in the financial statements in respect of tax losses of approximately HK$9,338,000 (2010: 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 2011 amounted to approximately HK$1,541,000 (2010: 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 2011 and 2010.

26. SHARE CAPITAL

	Number of shares		Amount	
	2011	2010	**2011**	2010
	'000	'000	**HK$'000**	HK$'000
Authorised:				
Ordinary shares of HK$0.1 each				
— At beginning of the year	**800,000**	800,000	**80,000**	80,000
— Creation of additional shares (note (i))	**1,200,000**	—	**120,000**	—
— At end of the year	**2,000,000**	800,000	**200,000**	80,000
Issued and fully paid:				
Ordinary shares of HK$0.1 each				
— At beginning of the year	**486,314**	406,314	**48,631**	40,631
— Shares issued under a subscription agreement (note (ii))	**—**	80,000	**—**	8,000
— Rights shares issued (note (iii))	**486,314**	—	**48,632**	—
— At end of the year	**972,628**	486,314	**97,263**	48,631

Notes:

(i) On 19 August 2010, an ordinary resolution was passed by the shareholders of the Company at an extraordinary general meeting to approve the increase of the authorised share capital of the Company from HK$80,000,000 divided into 800,000,000 shares to HK$200,000,000 divided into 2,000,000,000 shares by the creation of an additional 1,200,000,000 shares.

(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 at a placing price of HK$0.265 per placing share, for the purpose of providing general working capital for the Company.

(iii) On 13 September 2010, 486,314,000 rights shares were issued, on the basis of one rights share for every existing share held on the record date, to the qualifying shareholders at a subscription price of HK$0.10 per rights share. The rights shares rank pari passu in all respects with the then existing shares of the Company.

27. RESERVES

(a) The Group

	Share premium HK$'000	Share options reserve HK$'000	PRC statutory reserves HK$'000	Translation reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 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 and 1 April 2010	122,081	706	3,808	3,546	–	(148,972)	(18,831)
Total comprehensive income for the year	–	–	–	1,530	—	(28,553)	(27,023)
Cost attributable to issue of rights shares	(2,346)	–	–	–	—	–	(2,346)
Changes in equity interest in subsidiary that do not result in a change of control	–	–	–	11	314	–	325
At 31 March 2011	119,735	706	3,808	5,087	314	(177,525)	(47,875)

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.

27. RESERVES (continued)

(b) The Company

	Share premium HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 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 and 1 April 2010	162,652	706	(191,535)	(28,177)
Loss for the year	—	—	(10,755)	(10,755)
Total comprehensive income for the year	—	—	(10,755)	(10,755)
Cost attributable to issue of rights shares	(2,346)	—	—	(2,346)
At 31 March 2011	160,306	706	(202,290)	(41,278)

27. RESERVES (continued)

(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).

(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.

(iv) 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(h).

(v) Other reserve

Other reserve mainly represents difference between the consideration paid/received and the equity interest acquired in subsidiaries that do not result in a change of control.

(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 2011 (2010: Nil).

28. DISPOSAL OF SUBSIDIARIES WITH LOSS OF CONTROL

On 26 January 2011, the Group disposed its entire interest in Sky Peace Limited and 諾晴國際貿易(深圳)有限公司 which were inactive.

	2011 HK$'000	2010 HK$'000
Loss on disposal of subsidiaries		
Cash consideration	68	—
Net assets disposed of:		
— cash and bank balance	(101)	—
— other payable	12	—
Loss on disposal of subsidiaries	(21)	—

An analysis of the net cash outflow from the disposal of subsidiaries is as follows:

	2011 HK$'000	2010 HK$'000
Cash consideration	68	—
Cash and bank balances disposed of	(101)	—
Net cash outflow	(33)	—

The loss on disposal is included in the result for the year in the consolidated income statement.

The subsidiaries disposed of did not make any significant contribution to the revenue or profit of the Group for the period from 1 April 2010 up to the date of disposal.

29. OPERATING LEASES

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	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Premises				
— within 1 year	587	838	491	587
— after 1 year but within 5 years	261	877	—	535
	848	1,715	491	1,122

30. CAPITAL COMMITMENTS

The Group and the Company did not have material capital commitments as at 31 March 2011 other than the transaction disclosed in note 37(a) (2010: Nil).

31. 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.

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.

31. SHARE OPTION SCHEME (continued)

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	9,914,668 (Note 1)	0.23925 (Note 2)	0.095

Notes:

1. The total outstanding options was adjusted from 7,436,000 shares to 9,914,668 shares effective from 13 September 2010 upon the issue of rights shares in the rights issue of the Company.

2. The exercise price was adjusted from HK$0.319 to HK$0.23925 effective from 13 September 2010 upon the issue of rights shares in the rights issue of the Company.

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 2011 and 2010.

31. SHARE OPTION SCHEME (continued)

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

2011

Grantee	Date of grant	Exercise price HK$	Number of share options outstanding at beginning of the year	Granted during the year	Exercised during the year	Lapsed during the year	Adjusted during the year	Number of share options outstanding at end of the year
Directors								
Ms. Ng Mui King, Joky	29/2/2008	0.23925	338,000	–	–	–	112,667	450,667
Mr. Wong Kai Tat	29/2/2008	0.23925	3,380,000	–	–	–	1,126,667	4,506,667
Ms. Hui Sin Man, Alice	29/2/2008	0.23925	338,000	–	–	–	112,667	450,667
Sub-total			4,056,000	–	–	–	1,352,001	5,408,001
Employees	29/2/2008	0.23925	3,380,000	–	–	–	1,126,667	4,506,667
Total			7,436,000	–	–	–	2,478,668	9,914,668

2010

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

32. 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 consolidated 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 2011 amounted to approximately HK$217,000 (2010: HK$144,000).

33. 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$2,523,000 (2010: HK$13,313,000) 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 2011 of approximately HK$5,758,000 (2010: HK$7,729,000), of which no collateral or other credit enhancements were provided by the Group, is included in trade payables disclosed in note 23.

(d) Amounts due to directors of the Company as at 31 March 2011 and 2010 are disclosed in the consolidated statement of financial position and the statement of financial position of the Company; other details are disclosed in note 24.

(e) During the year, HK$3,274,000 has been paid to 王富家 ("Mr. Wong") in relation to the acquisition of the remaining 49% of the entire equity interest in 鳳山縣黔興礦業有限責任公司 ("Feng Shan").

34. 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 2011 and 2010.

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 2011 is Nil (2010: Nil).

35. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	The Group	
	2011	2010
	HK$'000	HK$'000
Loans and receivable at amortised cost		
Trade and other receivables	**3,834**	15,244
Cash and bank deposits	**21,695**	6,930
	25,529	22,174
Financial liabilities at amortised cost		
Trade and other payables	**(15,580)**	(29,075)
Amounts due to directors	**(275)**	(5,557)
	(15,855)	(34,632)

(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 exposures to ensure appropriate measures are implemented on a timely and effective manner.

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(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 exposure and will consider hedging currency risk should the need arise.

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

	Assets	
	2011	2010
	HK$'000	HK$'000
Renminbi	**4,231**	20,892
United States dollars	**–**	5

	Liabilities	
	2011	2010
	HK$'000	HK$'000
Renminbi	**14,684**	27,643

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 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 for the year where the functional currency of the Group strengthens 5% against the foreign currencies. For a 5% weakening of the functional currency of the Group against the foreign currencies, there would be an equal and opposite impact on the profit before tax and equity, and the balance below would be negative.

	Profit before tax		Equity	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi	**–**	–	**523**	338

35. 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 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 2011, 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 minimise 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 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 100% (2010: 95%) of the total trade receivables that are due from the Group's 1 (2010: 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.

35. 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 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**
	%	HK$'000	HK$'000	HK$'000	HK$'000
2011					
Trade and other payables	**–**	**15,580**	**–**	**15,580**	**15,580**
Amounts due to directors	**–**	**275**	**–**	**275**	**275**
		15,855	**–**	**15,855**	**15,855**
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

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 March 2011 were as follows:

Name of subsidiary	Place of incorporation/ operation	Forms of legal entity	Issued and paid up share 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
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	RMB5,250,000	–	100%	Exploration, mining and processing of iron
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
Kingdom Win Limited	Hong Kong	Limited liability company	HK$10,000	100%	–	Inactive
Golden Strategy Limited	Hong Kong	Limited liability company	HK$10,000	100%	–	Inactive
Telecom Develop Limited	Hong Kong	Limited liability company	HK$1	100%	–	Inactive
Great World Investments Limited	Hong Kong	Limited liability company	HK$1	100%	–	Inactive
Great World Group Ltd.	British Virgin Islands*	Limited liability company	US$1	100%	–	Investment holding
Great World Hotel Ltd.	British Virgin Islands*	Limited liability company	US$1	–	100%	Inactive
Great World Information Technology Ltd.	British Virgin Islands*	Limited liability company	US$1	–	100%	Inactive
Great World Finance Ltd.	British Virgin Islands*	Limited liability company	US$1	–	100%	Inactive
Great World Real Estates Ltd.	British Virgin Islands*	Limited liability company	US$1	–	100%	Inactive
Great World Energy Ltd.	British Virgin Islands*	Limited liability company	US$1	100%	–	Inactive

* No specific principal place of operation

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

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

The PRC subsidiaries adopted 31 December as its 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 2011 and 2010 have been used after making adjustments, as appropriate, for compliance with accounting principles generally accepted in Hong Kong.

On 6 January 2011, China Score International Holdings Limited ("China Score") completed the acquisition of remaining 49% equity interest in 鳳山縣黔興礦業有限責任公司 ("Feng Shan") from 王富家先生 ("Mr. Wong") at a cash consideration of RMB2.8 million and both parties agreed to waive the profit guarantee and transfer the shareholder's loan of RMB4.2 million from Mr. Wong to the Group.

37. SUBSEQUENT EVENTS

(a) Golden Strategy Limited ("Golden Strategy"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement on 25 February 2011 and a supplemental agreement on 2 March 2011 with an independent third party, in relation to the acquisition of the entire issued share capital of Linkful Wise Group Holdings Limited, whose principal asset represents interest in a property located in Leshan City, Sichuan Province, the PRC, at an aggregate consideration of HK$150,800,000 (subject to adjustment).

The consideration is to be satisfied as to (i) HK$31,000,000 by the issue and allotment of the 155,000,000 consideration shares by the Company at the issue price of HK$0.20 per share to the vendor (or its nominee(s)) upon completion of the acquisition; (ii) HK$33,840,000 by the issue of the convertible note by the Company at an initial conversion price of HK$0.20 per conversion share to the vendor (or its nominee(s)) upon completion of the acquisition; (iii) HK$10,000,000 in cash (HK$2,000,000 of which has been paid as a refundable deposit within 2 business days after the signing of the acquisition agreement); and (iv) HK$75,960,000 by the issue of the promissory note by Golden Strategy on the first anniversary of completion of the acquisition to the vendor.

Such acquisition constituted a very substantial acquisition for the Company under the GEM Listing Rules and is subject to reporting, announcement and shareholders' approval requirements under the GEM Listing Rules. A circular containing further details of the acquisition and information required under the GEM Listing Rules has been despatched to the shareholders of the Company on 8 April 2011. The acquisition has been approved by the shareholders of the Company at an extraordinary general meeting of the Company held on 27 April 2011. As at the date of this report, the acquisition has not been completed yet.

37. SUBSEQUENT EVENTS (continued)

(b) On 24 June 2011, the Company announced that the Board has decided it will proceed to wind up 北京康大奈特通信設備有限公司 (Beijing Kong Da Net Telecommunications Equipment Ltd.*) ("Beijing Company"), a subsidiary of the Company in which the Company has 75% indirect equity interest, and the Board will also consider the possibility of disposing the Group's entire interests in Beijing Company to other independent third parties (where possible).

Beijing Company is a sino-foreign equity joint venture company in which the Company, through its wholly-owned subsidiary, has 75% equity interest and two independent shareholders (the "Minority Shareholders") holding 17% and 8% equity interest respectively. The Company has received advice from its PRC legal advisers that they have not been able to establish contact with the Minority Shareholders for the extension of the operating period of Beijing Company which expired in December 2010. Further, the Company has been advised that one of the Minority Shareholders with 8% equity interest in Beijing Company appear to have been de-registered.

In light of the continually and increasingly adverse business environment in the telecommunications sector in the PRC and the above circumstances, the Board has decided it will proceed to wind up the Beijing Company in order to focus the Group's resources on the other business segments with better prospects. The Company is consulting its PRC legal advisers as to the implementation of the winding up of the Beijing Company which has not commenced, and measures that could be taken to safeguard assets of the Beijing Company and the interests of the shareholders of the Company. The Board will also consider the possibility of disposing the Group's entire interests in the Beijing Company to other independent third parties (where possible).

The Company has been advised by its PRC legal advisers that no prior regulatory consent is required for the winding up of the Beijing Company and in the meantime, the Beijing Company is still a valid legal entity pursuant to Clause 45 of the Regulations of the People's Republic of China on Administration of Registration of Companies (中華人民共和國公司登記管理條例) until the Beijing Company is wound up. The Beijing Company will (and, based on advice of the Group's PRC legal advisers, is permitted to) continue to receive such revenue generated from orders which have been placed with it prior to the date of expiry of its operating period. As a consequence, the carrying amounts of certain assets (mainly inventories and trade and other receivables) of the Beijing Company are written down to their estimated recoverable amounts while revenue contribution from the Beijing Company will reduce significantly and will eventually cease.

* *For identification purpose only*

Five-Year Financial Summary

For the year ended 31 March 2011

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				
	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011** **HK$'000**
Turnover	22,198	20,222	16,808	34,876	**6,291**
Loss before tax	(11,693)	(4,558)	(11,865)	(6,458)	**(34,020)**
Income tax	62	(132)	(22)	308	**447**
Loss for the year	(11,631)	(4,690)	(11,887)	(6,150)	**(33,573)**
Attributable to:					
Owners of the Company	(11,631)	(4,690)	(12,081)	(6,892)	**(28,553)**
Non-controlling interests	—	—	194	742	**(5,020)**
	(11,631)	(4,690)	(11,887)	(6,150)	**(33,573)**

ASSETS AND LIABILITIES

	As at 31 March				
	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011** **HK$'000**
Total assets	34,215	26,358	46,214	66,497	**62,581**
Total liabilities	(24,038)	(18,223)	(28,450)	(34,632)	**(15,855)**
Net assets	10,177	8,135	17,764	31,865	**46,726**
Non-controlling interests	—	—	1,317	2,065	**(2,662)**