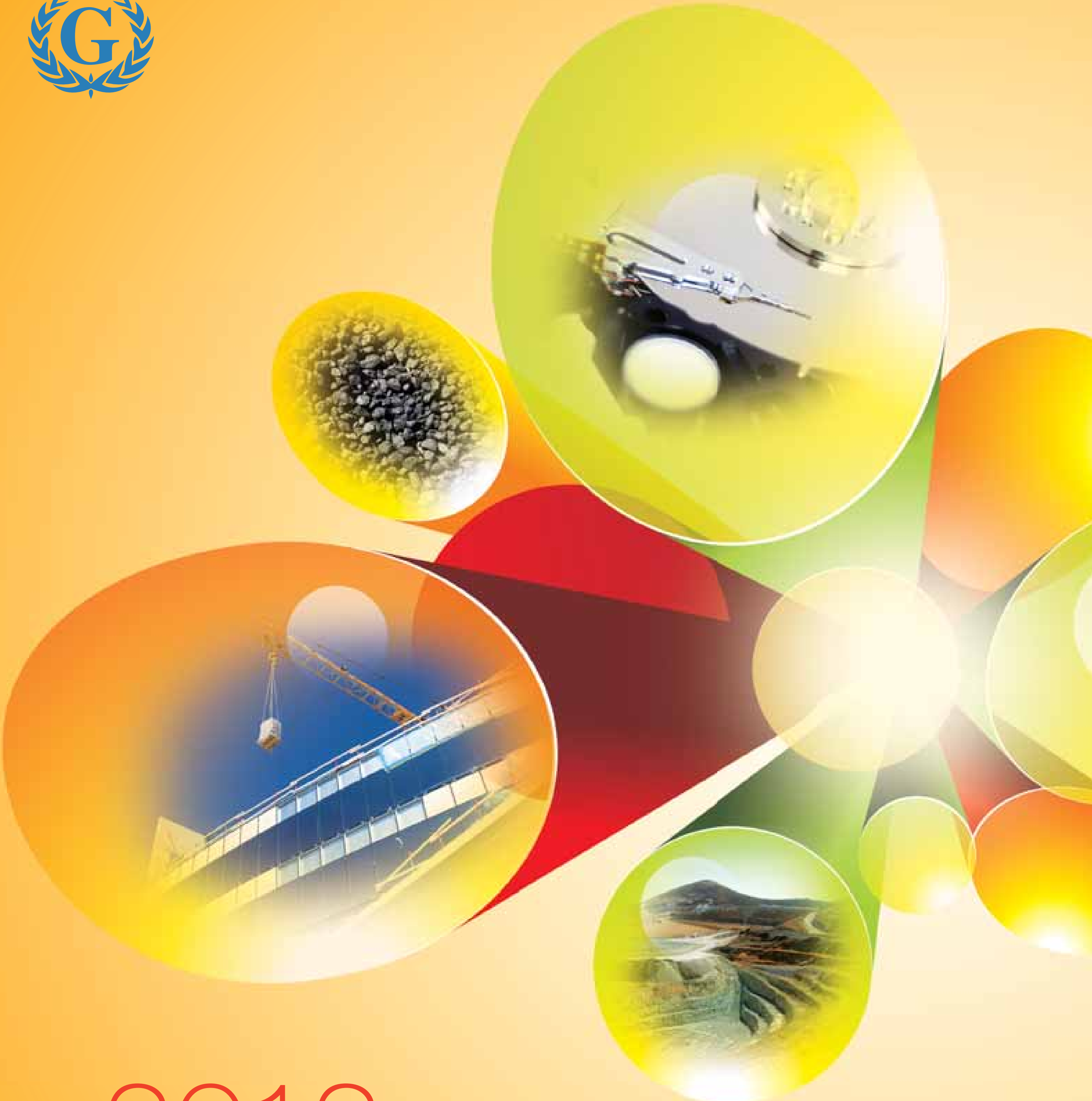

2012 Annual Report

GREAT WORLD COMPANY HOLDINGS LTD

世大控股有限公司

(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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "Directors") of Great World Company Holdings Ltd (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors
Ms. Ng Mui King, Joky *(Chairman)*
Mr. Tong Wang Shun
Ms. Zeng Jieping

Independent non-executive Directors
Ms. Hui Sin Man, Alice
Mr. Pong Shing Ngai
Mr. Chung Koon Yan
Mr. Chan Ying Cheong

COMPANY SECRETARY

Ms. Kwong May Wah, Eva

AUTHORISED REPRESENTATIVES

Ms. Ng Mui King, Joky
(Mr. Li Tak Lai as her alternate)
Mr. Tong Wang Shun

COMPLIANCE OFFICER

Mr. Tong Wang Shun

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Ms. Hui Sin Man, Alice *(Chairman)*
Ms. Ng Mui King, Joky
(Mr. Tong Wang Shun as her alternate)
Mr. Chan Ying Cheong

NOMINATION COMMITTEE

Ms. Ng Mui King, Joky *(Chairman)*
Mr. Chung Koon Yan
Mr. Chan Ying Cheong

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

36/F., Sunshine Plaza
No. 353 Lockhart Road
Wanchai
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

HLB Hodgson Impey Cheng
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
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:
Reed Smith Richards Butler
20th Floor, Alexandra House
18 Chater Road
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 2012.

FINANCIAL PERFORMANCE

The Group recorded a turnover from continuing operations of approximately HK$5,273,000 (2011: HK$301,000), representing an increase of approximately 16.52 times higher than last year. The turnover of year 2011 of approximately HK$6,291,000 can be divided in two parts (a) HK$301,000 from continuing operations and (b) HK$5,990,000 from discontinued operations. Loss for the year was approximately HK$34,280,000 (2011: HK$33,573,000). The Board did not recommend the payment of any dividend for the year (2011: Nil).

BUSINESS REVIEW

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 (the "Acquisition Agreements") with Mr. Huang Shih Tsai in relation to the acquisition of the entire issued share capital of Linkful Wise Group Holdings Limited (the "Acquisition"), whose principal asset represented an interest in a property located in Leshan City, Sichuan Province, the PRC, at an aggregate consideration of HK$150,800,000 (subject to adjustment). All conditions precedent under the Acquisition Agreements had been fulfilled and the completion of the Acquisition took place on 15 August 2011.

At the extraordinary general meeting of the Company convened on 11 May 2012, the shareholders of the Company approved the disposal of the entire issued share capital of China Bond Technology Limited ("China Bond"), a direct wholly-owned subsidiary of the Company, and the entire amount due to the Company by China Bond at a total consideration of RMB400,000, which has been received in full by the Company upon completion of the disposal which took place on 15 May 2012.

PROSPECT

2011 was a difficult year for many businesses as the effect of the global financial crisis prevailed and hindered the growth of the PRC economy.

With the ongoing recovery of the global economy and the determination of the PRC government to maintain a steady growth in GDP, the Company expects an increase on iron ore consumption and a higher demand in the property market in the coming year which will broaden the Group's income base and strengthen its financial performance for the benefit of the Company and shareholders.

* *For identification purpose only*

Chairman's Statement

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, 28 June 2012

Biographical Details of Directors

EXECUTIVE DIRECTORS

Ms. NG Mui King, Joky, aged 50, has been an executive director of the Company since 2 October 2007. She is the chairman of the Group, the chairman of the nomination committee and 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. TONG Wang Shun, aged 70, 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 35, 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 6 years of experience in marketing, finance and corporate management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. HUI Sin Man, Alice, aged 50, 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 17 years of experience in handling administration and company secretarial matters.

Mr. PONG Shing Ngai, aged 64, has been a non-executive director of the Company since 9 May 2008 and was re-designated as an independent non-executive director on 10 April 2012. Mr. Pong has over 29 years of experience in trading, information system and corporate management.

Mr. CHUNG Koon Yan, aged 48, has been an independent non-executive director of the Company since 9 May 2008 and is the chairman of the audit committee and a member of the nomination 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 20 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 50, has been an independent non-executive director of the Company since 30 September 2010 and is a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Chan has more than 25 years of experience in banking industry.

Management Discussion and Analysis

RESULTS OF OPERATIONS

The Group recorded a turnover from continuing operations of approximately HK$5,273,000 (2011: HK$301,000), representing an increase of approximately 16.52 times higher than last year. The turnover of year 2011 of approximately HK$6,291,000 can be divided in two parts (a) HK$301,000 from continuing operations and (b) HK$5,990,000 from discontinued operations. No turnover was recognised for the telecommunications segment after the expiration of the operating period in December 2010. All the turnover was generated from the sales of iron ores of which direct costs and overheads were relatively high in view of the scale of operations at trial stage. The Group recorded a gross loss for this year as compared to the gross profit for last year. Loss attributable to owners of the Company was approximately HK$33,672,000 for the year ended 31 March 2012, which was approximately 17.9% higher than the loss attributable to owners of the Company incurred for last year (2011: HK$28,553,000). The increase in loss was mainly due to the impairment loss recognised in respect of goodwill and intangible assets.

BUSINESS REVIEW

Disposal of a subsidiary

On 12 March 2012, the Company entered into the sale and purchase agreement with Success Trend Holdings Limited in relation to the disposal of the entire issued share capital of China Bond Technology Limited ("China Bond", a direct wholly owned subsidiary of the Company) and the entire amount due to the Company by China Bond as at the date of completion of such disposal, for a total consideration of RMB400,000.

Such disposal constituted a very substantial disposal for the Company under the GEM Listing Rules and was subject to the reporting, announcement, circular and shareholders' approval requirements under the GEM Listing Rules. The disposal has been approved by the shareholders at an extraordinary general meeting held on 11 May 2012 and completion of the disposal took place on 15 May 2012.

Following the completion, China Bond ceased to be a subsidiary of the Company and the financial results, assets and liabilities of China Bond and its subsidiary would be deconsolidated from the consolidated financial statements of the Group. The Group ceases to carry on telecommunication products business after the completion and will focus its resources on the mining and property businesses.

Mining business

For the year ended 31 March 2012, a turnover of approximately HK$5,273,000 was generated from the sales of iron ores. The construction of the processing factory of iron ores was completed and the iron mines commenced trial commercial production in August 2011. For the year ended 31 March 2012, the production volume of iron ores was approximately 47,881 tonnes and the sales of the iron ores was approximately 34,495 tonnes. Revenue from the mining business sector is lower than expected due to the declining of the iron ore price. Due to the fact that recent market condition of iron ores has turned unfavourable, the installation of additional production facilities and production lines has not been commenced as such investment is not expected to generate reasonable return on commercial production at the moment. Once the management finds market condition should produce favourable returns on commercial production, full effort will be given to develop the iron mines and increase the production volume of the processing factory. The Board expects that a higher revenue can be generated from the mining business with a lower unit production cost after the iron mines has achieved commercial levels of productions.

Property business

The Company owns a property which comprises a residential and commercial development site with a site area of approximately 3,111.96 square meters ("sq. m.") located at Leshan City, Sichuan Province, the PRC. The property has a gross floor area of approximately 27,213.33 sq. m. (inclusive of a basement floor) and comprises 4 portions with different functions, namely residential, commercial, basement car park and facilities.

Revenues are expected to be derived from (i) leasing of the commercial portion of the property; (ii) leasing of certain residential portion of the property and/or basement car park area; and (iii) selling part of the residential portion of the property. The selling and leasing of the property was originally expected to commence by the end of 2011. However, due to the tightening of monetary policies and other measures imposed by the PRC government which restrict the growth of the PRC property market, the Board has to delay the selling and leasing programme till the market environment becomes favorable. It is expected that the Company will launch the selling and leasing programme in the third quarter of 2012.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

As at 31 March 2012, cash and bank deposits of the Group amounted to approximately HK$5,267,000, representing a decrease of 75.7% comparing with the cash and bank deposits of approximately HK$21,695,000 as at 31 March 2011. The Group's net current assets as at 31 March 2012 amounted to approximately HK$11,263,000, which comprised properties held for sale, inventories, trade and other receivables, cash and bank deposits, trade and other payables, amounts due to directors, a shareholder and related companies; whereas the Group's net current assets as at 31 March 2011 amounted to approximately HK$12,412,000, which comprised inventories, trade and other receivables, cash and bank deposits, trade and other payables and amounts due to directors.

On 15 August 2011, 155,000,000 ordinary shares were issued at an issue price of HK$0.20 per share as partial consideration for the acquisition of a subsidiary (fair value of which were HK$0.138 per share). A non-interest bearing convertible redeemable note ("Convertible Note") in the principal amount of HK$33,840,000 was also issued by the Company at the same date as partial satisfaction of consideration of the acquisition. Details of the capital structure and the Convertible Note of the Company at fair value are disclosed in notes 31 and 29 respectively.

The Group's gearing ratio, which was defined as the ratio of long term borrowings to total equity, was 51.2% as at 31 March 2012 (31 March 2011: Nil).

The arising of the gearing ratio was resulted primarily from the issuance of the Convertible Note.

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 2012, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purpose.

Capital commitments

As at 31 March 2012, the Group had outstanding commitments in respect of capital expenditure for the construction of a property in Leshan City (31 March 2011: Nil) and had no future plans for material investments in capital assets after the completion of the acquisition of Linkful Wise Group Holdings Limited.

Contingent liabilities

As at 31 March 2012, the Group did not have any material contingent liabilities.

Employees and remuneration policy

As at 31 March 2012, the Group had approximately 45 employees (31 March 2011: 37 employees). The Group reviewed employees' 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 employees' 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 maintaining 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 Corporate Governance Code ("CG Code") as set out in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") throughout the year ended 31 March 2012.

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 in the adopted code of conduct regarding Directors' securities transaction throughout the year ended 31 March 2012.

BOARD OF DIRECTORS

The Board currently comprises three executive Directors, namely Ms. Ng Mui King, Joky (chairman of the Board), Mr. Tong Wang Shun and Ms. Zeng Jieping; and four independent non-executive Directors, namely Ms. Hui Sin Man, Alice, Mr. Pong Shing Ngai, Mr. Chung Koon Yan and Mr. Chan Ying Cheong. Mr. Pong Shing Ngai was previously a non-executive director and re-designated as an independent non-executive Director on 10 April 2012.

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's approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal control and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

The Board is also responsible for performing the corporate governance duties including (i) developing and reviewing an issuer's policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of Directors; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; and (iv) reviewing the Company's compliance with the Code and disclosure in the Corporate Governance Report.

Details of backgrounds and qualifications of the Directors are set out on page 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 2012, inclusive of the regular board meetings held for each quarter, the Board held a total of 11 board meetings. The attendance of each Director at the board meetings held in the year ended 31 March 2012 is set out below.

Directors	Attendance
Executive Directors	
Ms. Ng Mui King, Joky *(Chairman)*	11/11
Mr. Wong Kai Tat (ceased on 1 July 2011)	1/2
Mr. Tong Wang Shun	11/11
Ms. Zeng Jieping	11/11
Non-executive Director	
Mr. Pong Shing Ngai	11/11
Independent non-executive Directors	
Ms. Hui Sin Man, Alice	11/11
Mr. Chung Koon Yan	11/11
Mr. Chan Ying Cheong	11/11

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

Mr. Pong Shing Ngai was appointed as a non-executive Director of the Company for a term of two years commenced on 9 April 2011. On 10 April 2012, Mr. Pong was re-designated as an independent non-executive Director for a term of one year commenced on the same date.

REMUNERATION COMMITTEE

The remuneration committee comprises one executive Director, namely Ms. Ng Mui King, Joky (Mr. Tong Wang Shun 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.

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.

During the year ended 31 March 2012, 1 remuneration committee meeting was held to review and approve the remuneration of the Directors. Details of the attendance of the remuneration committee meeting are as follows:

Members	Attendance
Ms. Hui Sin Man, Alice *(Chairman)*	1/1
Ms. Ng Mui King, Joky	1/1
Mr. Chan Ying Cheong	1/1

AUDITORS' REMUNERATION

Remuneration paid and payable to the auditors of the Company in respect of their services for the year ended 31 March 2012 are as follows:

Services rendered	HK$'000
Audit services	330
Other services	475

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

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely Mr. Chung Koon Yan (chairman of the audit committee), Ms. Hui Sin Man, Alice and Mr. 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.

During the year ended 31 March 2012, 6 audit committee meetings were held to review the quarterly, interim and annual results of the Group and issues in relation to the change of external auditors. 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. Chan Ying Cheong	6/6

The accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganized as HLB Hodgson Impey Cheng Limited. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming annual general meeting.

NOMINATION COMMITTEE

A nomination committee was established on 30 March 2012 with written terms of reference in accordance with the code A.5.2 of the CG Code. The nomination committee comprises one executive Director, namely Ms. Ng Mui King, Joky (chairman of the nomination committee) and two independent non-executive Directors, namely Mr. Chung Koon Yan and Mr. Chan Ying Cheong.

The principal responsibilities of the nomination committee include (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Group's corporate strategy; (ii) identifying individuals suitably qualified to become members and select or make recommendations to the Board on the selection of, individual nominated for directorships; (iii) assessing the independence of independent non-executive Directors; and (iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for directorships, in particular for the chairman.

For the year ended 31 March 2012, the nomination committee did not hold any meeting.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

The statement of the external auditors of the Company, HLB Hodgson Impey Cheng, 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 AND RISK MANAGEMENT

Internal control is fundamental to the Group's daily operations. Internal control is useful to Directors, senior management and other key personnel that are accountable for control in the Group as well as acting as a tool in providing Directors and senior management with information of sufficient quality to make business decisions and meet their regulatory obligations.

In this connection, Internal Control Policy and Procedures have been formulated and implemented within the Group with the primary objective of providing general guidance and recommendations on a basic framework of internal control and risk management. The key objectives of the internal control include:

– Safeguarding assets
– Ensuring completeness, accuracy and validity of financial records and reports
– Promoting adherence to policies, procedures, regulations and laws
– Promoting effectiveness and efficiency of operations

The Internal Control Policy and Procedures cover, amongst others, the following material activities – finance, operational and compliance controls:

Finance

Effective financial control is essential in identifying and managing liabilities to ensure that the Group is not unnecessarily exposed to avoidable financial risks as well as safeguarding of assets from inappropriate use or loss, including the prevention and detention of fraud and errors. A set of measures has been formulated and implemented to tighten the control on cash flow. All payments should be properly checked and approved. Proper accounting and financial records shall be maintained in supporting financial budgets, periodic management accounts and reports.

Operational

With regard to the Group's businesses, different sets of principles and procedures have been set up for different management teams to follow. Through the implementation of those principles and procedures, the operation process became more accountable, transparent and efficient.

Compliance

The Company has fully complied with the requirements of the GEM Listing Rules. Financial reports, announcements and circulars have been prepared and published in accordance with the requirements of the GEM Listing Rules.

The Company has engaged BMS Risk Advisory Services Limited ("BMS") to undertake the role of reviewing and assessing the Group's internal control and risk management systems to evaluate their effectiveness and efficiency on the internal control. BMS has prepared a report to the Board on the findings of the internal control and risk management systems implemented by the Company and help to identify any significant areas of concern and made recommendations to the Board accordingly.

INVESTOR RELATIONS

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

SHAREHOLDERS' RIGHTS

General meetings can be convened on the written requisition of any two or more shareholder or anyone member of the Company which is a recognised clearing house (or its nominee), who as at the date of deposit of the requisition holding not less than 10% of the shares of the Company carrying voting rights at general meetings of the Company, deposited at the principal office of the Company in Hong Kong specifying the objects of the meeting and signed by the requisitionists.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

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 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are engaged in (i) property investment and (ii) operation of iron mines in the People's Republic of China ("PRC").

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2012 are set out in the Consolidated Income Statement on page 23.

The Directors do not recommend the payment of a final dividend.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 32 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 the year are set out in note 16 to the financial statements.

INVESTMENT PROPERTY

Details of the movements in investment property of the Group during the year are set out in note 17 to the financial statements.

FIVE-YEAR FINANCIAL SUMMARY

Results, assets and liabilities of the Group for each of the last five financial years are summarised on page 95.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 31 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.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the remuneration committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are determined by the remuneration committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out below and in note 38 to the financial statements.

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.

The following table discloses the movements during the year ended 31 March 2012 in respect of the Company's share options granted under the 2002 Share Option Scheme:

Grantee	Date of grant	Exercise price *HK$*	Exercise period	Outstanding as at 1 April 2011	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2012
Directors								
Ms. Ng Mui King, Joky	29/2/2008	0.23925	29/2/2008 to 2/8/2012	450,667	–	–	–	450,667
Ms. Hui Sin Man, Alice	29/2/2008	0.23925	29/2/2008 to 2/8/2012	450,667	–	–	–	450,667
Mr. Wong Kai Tat *(Note)*	29/2/2008	0.23925	29/2/2008 to 2/8/2012	4,506,667	–	–	(4,506,667)	–
Sub-total				5,408,001	–	–	(4,506,667)	901,334
Employee	29/2/2008	0.23925	29/2/2008 to 2/8/2012	4,506,667	–	–	–	4,506,667
Total				9,914,668	–	–	(4,506,667)	5,408,001

Note:

Mr. Wong Kai Tat ceased to be a director of the Company on 1 July 2011 and was entitled to exercise his outstanding options within three months after the date of the cessation. Such option to the extent not so exercised shall lapse and determine at the end of the said period of three months. Thus 4,506,667 outstanding options held by Mr. Wong Kai Tat were then lapsed.

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

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 2012.

The 2002 Share Option Scheme will expire on 1 August 2012.

Ordinary resolution to adopt a new share option scheme and to terminate the 2002 Share Option Scheme will be proposed to the shareholders at the forthcoming annual general meeting of the Company.

DIRECTORS

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

Executive Directors

Ms. Ng Mui King, Joky
Mr. Tong Wang Shun
Ms. Zeng Jieping

Independent non-executive Directors

Ms. Hui Sin Man, Alice
Mr. Pong Shing Ngai (re-designated from non-executive Director to independent non-executive Director on 10 April 2012)
Mr. Chung Koon Yan
Mr. Chan Ying Cheong

In accordance with Article 117 of the articles of association of the Company, Ms. Hui Sin Man, Alice and Mr. Pong Shing Ngai will retire by rotation and both of them will offer themselves for re-election at the forthcoming 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' INTERESTS 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 2012.

INTERESTS OF DIRECTORS

As at 31 March 2012, 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 Securities and Futures Ordinance ("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**	**Corporate 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	30.01%
Ms. Hui Sin Man, Alice	450,667 *(Note 3)*	—	450,667	0.04%

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 49% by Fine Day Asset Holdings Inc.. Ms. Yang Cheng is the 100% beneficial owner of Fine Day Asset Holdings Inc.. Ms. Ng Mui King, Joky is also a director of Gold City Assets Holdings Ltd..*

3. *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 2012, none of the Directors and 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 year 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 2012, save as disclosed below, so far is known to the Directors and chief executives of the Company, no person (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 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.

(a) Long positions in shares of the Company

Name of shareholder	Capacity	Nature of interest	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	Corporate	337,920,000	29.97%
Fine Day Asset Holdings Inc. *(Note 1)*	Interest of a controlled corporation	Corporate	337,920,000	29.97%
Mr. Tong Wang Chow *(Note 2)*	Beneficial owner	Personal	72,904,000	6.47%
	Interest of spouse	Family	5,000,000	0.44%
Mr. Huang Shih Tsai *(Note 3)*	Beneficial owner	Personal	324,200,000	28.75%

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 the 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. *Mr. Huang Shih Tsai has total interest in 324,200,000 shares, of which (i) 155,000,000 shares were allotted to Mr. Huang Shih Tsai on 15 August 2011 as partial consideration for the acquisition of 100% equity interest in a company wholly-owned by Mr. Huang Shih Tsai; and (ii) 169,200,000 shares relate to his derivative interests in the convertible note, details of which are disclosed in "Convertible Note" below.*

(b) Convertible Note

Name of noteholder	Date of issue	Conversion period	Conversion price per share *HK$*	Outstanding as at 31 March 2012	Number of underlying shares	Approximate percentage of the issued share capital
Mr. Huang Shih Tsai	15 August 2011	15 August 2011– 15 August 2016	0.20	169,200,000	169,200,000	15%

COMPETING INTEREST

During the year up to the date hereof, 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.

EVENTS AFTER THE REPORTING PERIOD

The Company and Success Trend Holdings Limited (the "Purchaser") entered into an agreement on 12 March 2012, pursuant to which the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell the entire issued share capital of China Bond Technology Limited ("China Bond") (the "Sale Share") and the amount due to the Company by China Bond (the "Sale Loan") at a total consideration of RMB400,000 (the "Disposal"). Upon completion of the Disposal, China Bond and its subsidiary will cease to be subsidiaries of the Company. The Disposal have been completed on 15 May 2012. Details of the Disposal are set out in the Company's announcement and circular dated 15 March 2012 and 25 April 2012 respectively.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for 100% of the Group's turnover.

The five largest suppliers of the Group accounted for less than 30% of the Group's cost of sales for the year.

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 2012.

AUDIT COMMITTEE

As at 31 March 2012, the audit committee comprises 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 2012 were audited by HLB Hodgson Impey Cheng, who were appointed as the Company's auditors on 18 January 2012 to fill the casual vacancy arising from the resignation of Grant Thornton Jingdu Tianhua on 17 January 2012.

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 on the same date. LO & LO CPA Limited, who audited the consolidated financial statements of the Group for the year ended 31 March 2010, 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, who audited the consolidated financial statements of the Group for the year ended 31 March 2009, on 18 May 2010.

The accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. A resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

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

On behalf of the Board

Ng Mui King, Joky
Chairman

Hong Kong, 28 June 2012

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

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 (collectively referred to as the "Group") set out on pages 23 to 94, which comprise the consolidated and the company statements of financial position as at 31 March 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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

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 2012, 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.

OTHER MATTER

The consolidated financial statements of the Company and of the Group for the year ended 31 March 2011 were audited by another auditor who expressed an unmodified opinion on those statements on 30 June 2011.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong

28 June 2012

Consolidated Income Statement

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Continuing operations			
Turnover	5(a)	**5,273**	301
Cost of sales		**(5,855)**	(198)
Gross (loss)/profit		**(582)**	103
Other revenue and net income	5(b)	**14**	–
Gain on bargain purchase of subsidiaries	33	**4,823**	–
Loss arising on change in fair value of investment property	17	**(876)**	–
Loss on written off of property, plant and equipment		**(1,347)**	(399)
Impairment loss recognised in respect of goodwill		**(11,073)**	–
Impairment loss recognised in respect of intangible asset		**(679)**	–
Selling and distribution costs		**(1,716)**	(4)
Administrative and other operating expenses		**(13,931)**	(14,654)
Finance costs	7	**(1,358)**	–
Loss before tax		**(26,725)**	(14,954)
Income tax	9	**598**	447
Loss for the year from continuing operations	8	**(26,127)**	(14,507)
Discontinued operation	10		
Loss for the year from discontinued operation		**(8,153)**	(19,066)
Loss for the year		**(34,280)**	(33,573)
Loss for the year attributable to owners of the Company			
from continuing operations		**(26,127)**	(14,279)
from discontinued operation		**(7,545)**	(14,274)
		(33,672)	(28,553)
Loss for the year attributable to non-controlling interests			
from continuing operations		**–**	(228)
from discontinued operation		**(608)**	(4,792)
		(608)	(5,020)
		(34,280)	(33,573)
Loss per share	14		
From continuing and discontinued operations			
Basic and diluted		**HK(3.15) cents**	HK(3.46) cents
From continuing operations			
Basic and diluted		**HK(2.44) cents**	HK(1.73) cents
From discontinued operation			
Basic and diluted		**HK(0.71) cents**	HK(1.73) cents

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	2012 *HK$'000*	2011 *HK$'000*
Loss for the year	**(34,280)**	(33,573)
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	**1,619**	1,606
Total comprehensive loss for the year	**(32,661)**	(31,967)
Total comprehensive loss attributable to:		
Owners of the Company	**(33,174)**	(27,023)
Non-controlling interests	**513**	(4,944)
	(32,661)	(31,967)

Consolidated Statement of Financial Position

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	16	4,896	2,820
Investment property	17	67,830	–
Goodwill	18	–	10,798
Other intangible asset	19	–	782
Interest in an associate	20	–	18,955
Deferred tax assets	30	2,986	959
		75,712	34,314
Current assets			
Properties held for sale	23	99,012	–
Inventories	24	29	21
Trade and other receivables	25	1,865	6,551
Cash and bank deposits	26	5,267	21,695
		106,173	28,267
Assets of disposal group classified as held for sale	11	9,762	–
		115,935	28,267
Current liabilities			
Trade and other payables	27	(30,385)	(15,580)
Amounts due to directors	28	(2,604)	(275)
Amount due to a shareholder	28	(19,874)	–
Amounts due to related companies	28	(42,539)	–
		(95,402)	(15,855)
Liabilities of disposal group classified as held for sale	11	(9,270)	–
		(104,672)	(15,855)
Net current assets		11,263	12,412
Non-current liabilities			
Convertible note	29	(21,429)	–
Deferred tax liabilities	30	(23,662)	–
		(45,091)	–
Net assets		41,884	46,726
Capital and reserves			
Share capital	31	112,763	97,263
Reserves	32(a)	(68,730)	(47,875)
Equity attributable to owners of the Company		44,033	49,388
Non-controlling interests		(2,149)	(2,662)
Equity		41,884	46,726

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 June 2012 and signed on its behalf:

NG Mui King, Joky	**TONG Wang Shun**
Director	*Director*

The accompanying notes form an integral part of these consolidated financial statements.

Statement of Financial Position

As at 31 March 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
Non-current assets			
Property, plant and equipment	16	**5**	49
Investments in subsidiaries	21	**20**	20
Amounts due from subsidiaries	22	**90,485**	35,588
		90,510	35,657
Current assets			
Trade and other receivables	25	**498**	792
Amount due from a shareholder		**8,933**	–
Cash and bank deposits	26	**146**	20,648
		9,577	21,440
Current liabilities			
Trade and other payables	27	**(1,153)**	(837)
Amounts due to directors	28	**(2,604)**	(275)
Amounts due to subsidiaries	22	**(65)**	–
		(3,822)	(1,112)
Net current assets		**5,755**	20,328
Non-current liabilities			
Convertible note	29	**(21,429)**	–
Deferred tax liabilities	30	**(2,048)**	–
		(23,477)	–
Net assets		**72,788**	55,985
Capital and reserves			
Share capital	31	**112,763**	97,263
Reserves	32(b)	**(39,975)**	(41,278)
Equity		**72,788**	55,985

The financial statements were approved and authorised for issue by the board of directors on 28 June 2012 and signed on its behalf:

NG Mui King, Joky
Director

TONG Wang Shun
Director

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Attributable to owners of the Company									Non-controlling interests	Total
	Share capital	Share premium	Convertible note equity reserve	Share options reserve	PRC statutory reserves	Translation reserve	Other reserve	Accumulated losses	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2010	48,631	122,081	–	706	3,808	3,546	–	(148,972)	29,800	2,065	31,865
Total comprehensive income/(loss) 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
At 31 March 2011 and 1 April 2011	**97,263**	**119,735**	**–**	**706**	**3,808**	**5,087**	**314**	**(177,525)**	**49,388**	**(2,662)**	**46,726**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**1,714**	**–**	**(34,888)**	**(33,174)**	**513**	**(32,661)**
Share options lapsed	**–**	**–**	**–**	**(321)**	**–**	**–**	**–**	**321**	**–**	**–**	**–**
Issue of shares in respect of acquisition of subsidiaries	**15,500**	**5,889**	**–**	**–**	**–**	**–**	**–**	**–**	**21,389**	**–**	**21,389**
Fair value of equity component of convertible note issued for acquisition of subsidiaries	**–**	**–**	**8,702**	**–**	**–**	**–**	**–**	**–**	**8,702**	**–**	**8,702**
Deferred tax liability on recognition of equity component of convertible note	**–**	**–**	**(2,272)**	**–**	**–**	**–**	**–**	**–**	**(2,272)**	**–**	**(2,272)**
At 31 March 2012	**112,763**	**125,624**	**6,430**	**385**	**3,808**	**6,801**	**314**	**(212,092)**	**44,033**	**(2,149)**	**41,884**

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Loss before tax from continuing operations		**(26,725)**	(14,954)
Loss before tax from discontinued operation		**(8,153)**	(19,066)
Adjustments for:			
Interest income		**(19)**	(8)
Finance costs		**1,358**	–
Depreciation and amortisation		**498**	326
Share of result of associate		**3,704**	(106)
Impairment loss recognised in respect of goodwill		**11,073**	–
Impairment loss recognised in respect of intangible asset		**679**	–
Impairment loss/loss on written off of property, plant and equipment	16	**1,347**	431
Reversal of impairment loss on trade receivables		**(2,532)**	–
Impairment loss recognised in respect of on trade receivables		**–**	7,398
Loss on written off of other receivables		**–**	453
Write-down of obsolete inventories		**99**	12,642
Loss on disposal of subsidiaries	34	**–**	21
Loss arising on change in fair value of investment property		**876**	–
Loss on remeasurement to fair value less cost to sell in respect of disposal group	10	**6,853**	–
Loss on disposal of property, plant and equipment		**9**	–
Gain on bargain purchase subsidiaries	33	**(4,823)**	–
Operating cash flows before movements in working capital		**(15,756)**	(12,863)
Payment for construction cost of investment property		**(3,353)**	–
Payment for construction cost of properties held for sales		**(10,215)**	–
Increase in inventories		**(108)**	(554)
Decrease in trade and other receivables		**13,267**	1,523
Increase/(decrease) in trade and other payables		**10,810**	(9,743)
Increase in amount due to a shareholder		**(8,565)**	–
Increase/(decrease) in amounts due to directors		**2,328**	(5,283)
Decrease in amounts due to related companies		**5,412**	–
Cash used in operations		**(6,180)**	(26,920)
Tax refunded		**274**	–
Net cash used in operating activities		**(5,906)**	(26,920)
Cash flows from investing activities			
Interest received on bank deposits		**19**	8
Purchase of property, plant and equipment		**(3,694)**	(298)
Disposal of subsidiaries, net of cash disposed of	34	**–**	(33)
Acquisition of subsidiaries, net of cash acquired of	33	**(6,098)**	–
Net cash used in investing activities		**(9,773)**	(323)
Cash flows from financing activities			
Proceeds on issue of ordinary shares		**–**	48,632
Share issue expenses		**–**	(2,346)
Payment to acquire additional interest in a subsidiary		**–**	(4,449)
Net cash generated from financing activities		**–**	41,837

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Net (decrease)/increase in cash and cash equivalents		**(15,679)**	14,594
Cash and cash equivalents at beginning of the year		**21,695**	6,930
Effect of foreign exchange rate changes		**(82)**	171
Cash and cash equivalents at end of the year		**5,934**	21,695
Analysis of cash and cash equivalents			
Cash and bank deposits	26	**5,267**	21,695
Cash and bank deposits included in assets of disposal group classified as held for sale	11	**667**	–
Cash and cash equivalents at end of the year		**5,934**	21,695

As at 31 March 2012, the Group had cash and bank deposits denominated in Renminbi of approximately HK$5,086,000 (2011: HK$1,006,000). The remittance of these funds out of the People's Republic of China (the "PRC") is subject to the exchange control restrictions imposed by the PRC government.

Notes to the Financial Statements

For the year ended 31 March 2012

1. GENERAL INFORMATION

GREAT WORLD COMPANY HOLDINGS LTD (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all value are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The principal activity of the Company is investment holding, and the principal activities of its associate and subsidiaries are set out in note 20 and 43.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2011.

HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) – Int 14 (Amendments)	Prepayment of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs Issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group. Details of the material related party transactions, including the related comparative information, are included in note 40 to the consolidated financial statements.

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

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets[2]
HKAS 19 (Revised)	Employee Benefits[3]
HKAS 28 (Revised)	Investments in Associates and Joint Ventures[3]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets[5]
	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangement[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date and Transition Disclosures[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[3]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2012.
3 Effective for annual periods beginning on or after 1 January 2013.
4 Effective for annual periods beginning on or after 1 January 2014.
5 Effective for annual periods beginning on or after 1 July 2011.
6 Effective for annual periods beginning on or after 1 January 2015.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

The consolidated financial statements have been prepared on the historical cost basis except for investment property and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is allocated to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(c) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values.

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- 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* are measured in accordance with that Standard.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

(d) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

(e) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using equity method of accounting, except when the investment is classified as held for sale or when the investment is designated as at fair value through profit or loss upon initial recognition or is classified as held for trading. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Associates (continued)

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(f) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

(g) Discontinued operations

A discontinued operation is a component of the Group, which comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes from the rest of the Group, and has been disposed of, or is classified as held for sale, and either (a) represents a separate major line of business or geographical area of operation, (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or (c) is a subsidiary acquired exclusively with a view to resale.

(h) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivables for goods sold and services provided in the ordinary course of business, net of discounts and sales related taxes.

Sales of goods is recognised when goods are delivered and title has passed.

Service income is recognised when services are rendered.

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the purchasers. Deposits and installments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(j) Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rate prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to 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.

(l) Retirement benefit costs

Payment to defined contribution retirement benefit scheme and state-sponsored pension schemes operated by the Mainland China (the "PRC") government and the Hong Kong Mandatory Provident Fund Scheme are recognised as expense when employees have rendered service entitling them to the contribution.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) 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 end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences 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 associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investment and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period which the liability is settled or the asset is realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Property, plant and equipment

Property, plant and equipment (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used for this purpose are as follows:

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%

Construction in progress includes property, plant and equipment in the course of construction for production or for own use purposes. Construction in progress is carried at cost less recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for intended use.

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 asset) is included in profit or loss in the period in which the item is derecognised.

(o) Investment property

Investment property is initially measured at cost, including any directly attributable expenditure, except for the properties transferred from property, plant and equipment, which are measured at fair value at date of transfer. Subsequent to initial recognition, investment property is measured at its fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property is included in profit or loss in the period in which it arises.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

(p) Properties held for sale

Properties held for sale are completed properties and are classified as current assets. They are stated at the lower of cost and net realisable value.

The cost of properties held for sale is determined by apportionment of the total development costs which comprise all costs of purchase, costs of conversion and costs incurred in bringing the inventories to their present location attributable to unsold units.

Net realisable value is estimated by the management, based on prevailing market conditions, which represents the estimated selling price less estimated costs to be incurred in selling the property.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Intangible assets (other than goodwill)

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortisation and any impairment losses recognised. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Mining rights

Mining rights are carried at cost less accumulated amortisation and any impairment losses. Amortisation is using the straight-line method to write off the cost over the term of mining exploitation permit.

(r) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost which is calculated using the first-in-first-out basis, comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

(s) Impairment (other than intangible assets with indefinite useful lives)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

(t) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Loans and receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Financial instruments (continued)

Financial assets (continued)

Impairment loss of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period.

Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

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

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Financial instruments (continued)

Financial liabilities and equity

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

Equity instruments

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to directors, amount due to a shareholder and amounts due to related companies are subsequently measured at amortised cost, using the effective interest method.

Convertible note

Convertible note issued by the Group that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's owned equity instruments is classified as an equity instrument.

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

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing by the option to convert the liability component into ordinary shares of the Company, will remain in convertible note equity reserve until the embedded option is exercised (in which case the balance stated in convertible note equity reserve will be transferred to share capital and share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible note equity reserve will be released to accumulated losses. No gain or loss is recognised in the consolidated income statement upon conversion or expiration of the option.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Financial instruments (continued)

Financial liabilities and equity (continued)

Convertible note (continued)

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

(v) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of the subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with HKAS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with HKAS 18.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Share-based payment transactions

Equity-settled share-based payment transactions

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 the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

(x) Related parties

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

(a) A person, or a close member of that person's family, is related to the Group if that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) one entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(y) Segment reporting

Operating segments information are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Committee that makes strategic decisions.

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 judgements in applying accounting policies

The following are 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(a) Critical judgements in applying accounting policies (continued)

(i) Income tax

Determining income tax provision requires the Group to make judgements on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly.

In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

(b) Key sources of estimation uncertainty

The following are 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.

(i) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2012, the gross carrying amount of goodwill was written down to nil with an impairment loss of approximately HK$11,073,000 recognised in profit and loss during the year ended 31 March 2012. Detail of the recoverable amount calculation is disclosed in note 18.

(ii) Estimated impairment of intangible asset

Determining whether intangible asset is impaired requires on estimation of the value in use of the cash-generating units to which intangible asset has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2012, the carrying amount of intangible asset was written down to nil, with an impairment loss of approximately HK$679,000 recognised in profit and loss during the year ended 31 March 2012. Details of the recoverable amount calculation is disclosed in note 19.

(iii) Estimation of fair value of investment property

Investment property is carried in the consolidated statement of financial position at 31 March 2012 at its fair value of approximately of HK$67,830,000. The fair value was based on a valuation on the property conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions and subject to uncertainty and might materially differ from the actual results. In making the judgement on whether such valuations and assumptions by the valuers are reasonable, the management considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of reporting period, with reference to current market sales prices. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the investment property and corresponding adjustments to the amount of gain or loss reported in the consolidated income statement.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(b) Key sources of estimation uncertainty (continued)

(iv) Provision for inventories

Management reviews the ageing analysis of inventories of the Group at the end of each reporting period, and makes provision if considered necessary. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. As at 31 March 2012, the carrying amount of inventories was approximately HK$29,000 (2011: approximately HK$21,000) after netting off the allowance for inventories.

(v) Useful lives and impairment of property, plant and equipment

In determining the useful lives of property, plant and equipment, the management has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is made based on last experience on similar assets that are used in a similar way. Depreciation charge is revised if the estimated useful lives of items of property, plant and equipment are different from the previous estimation. Useful lives are reviewed, at each financial year end date, based on changes in circumstances.

5. REVENUE

(a) Turnover

Turnover represents the net amount received and receivable from goods sold to customers, after allowances for returns, discounts and value-added tax where applicable.

	2012 HK$'000	2011 HK$'000
Continuing operations		
Sales of goods	**5,273**	301

(b) Other revenue and net income

	2012 HK$'000	2011 HK$'000
Continuing operations		
Bank interest income	**14**	–

6. 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's continuing operations and reportable segments under HKFRS 8 are as follows:

Iron mine business	Exploration, mining and processing of iron ore
Property business	Property investment and development, operating and managing residential and commercial properties

An operating segment regarding the telecommunications business in assembly, distribution and integration of telecommunications products was discontinued in the current year. The segment information reported below does not include any amounts for this discontinued operation, which is described in more detail in note 10.

The corresponding information for the year ended 31 March 2011 has been re-presented accordingly.

These segments are managed separately as they belong to different industries and require different operating systems and strategies. There were no sales or other transactions between those reportable segments. Information regarding the Group's reportable segments is presented below:

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

2012

	Iron mine business *HK$'000*	Property business *HK$'000*	Total *HK$'000*
Continuing operations			
Revenue from external customer	5,273	–	5,273
Interest income	1	13	14
Depreciation and amortisation	(457)	(8)	(465)
Loss on written off of property, plant and equipment	(1,347)	–	(1,347)
Write down of obsolete inventories	(99)	–	(99)
Impairment loss recognised in respect of goodwill	(11,073)	–	(11,073)
Impairment loss recognised in respect of other intangible asset	(679)	–	(679)
Fair value change on investment property	–	(876)	(876)
Total loss of reportable segments	(17,869)	(1,512)	(19,381)
Income tax credit	–	375	375
Total assets of reportable segments	6,579	173,558	180,137
Additions to non-current assets	(3,693)	(19,861)	(23,554)
Total liabilities of reportable segments	(3,181)	(90,123)	(93,304)

6. SEGMENT INFORMATION (continued)

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

2011

	Iron mine business *HK$'000*	Total *HK$'000*
Continuing operations		
Revenue from external customer	301	301
Depreciation and amortisation	(276)	(276)
Write-down of obsolete inventories	(3,276)	(3,276)
Impairment loss/loss on written off of property, plant and equipment	(399)	(399)
Total loss of reportable segment	(5,063)	(5,063)
Income tax credit	447	447
Total assets of reportable segment	16,499	16,499
Additions to non-current assets	(296)	(296)
Total liabilities of reportable segment	(517)	(517)

6. SEGMENT INFORMATION (continued)

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

	2012 **HK$'000**	2011 HK$'000
Continuing operations		
Revenue		
Total revenue for reportable segments	**5,273**	301
Consolidated turnover	**5,273**	301
Profit or loss		
Total loss for reportable segments	**(19,381)**	(5,063)
Unallocated corporate income	**4,823**	–
Unallocated corporate expenses	**(12,167)**	(9,891)
Consolidated loss before tax	**(26,725)**	(14,954)
Assets		
Total assets for reportable segments	**180,137**	16,499
Unallocated corporate assets	**1,748**	23,574
Assets relating to discontinued operation	**9,762**	22,508
Consolidated total assets	**191,647**	62,581
Liabilities		
Total liabilities for reportable segments	**(93,304)**	(517)
Unallocated corporate liabilities	**(47,189)**	(1,135)
Liabilities relating to discontinued operation	**(9,270)**	(14,203)
Consolidated total liabilities	**(149,763)**	(15,855)

6. SEGMENT INFORMATION (continued)

(c) Geographical Information

The following table sets out information about the geographical location of (i) the Group's revenue from external customer; and (ii) the Group's property, plant and equipment, investment property, intangible asset, goodwill and interest in an associate ("specified non-current assets"). The geographical location of customer 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 and investment property; and (ii) the location of the operation to which they are allocated, in the case of intangible asset, interest in an associate and goodwill.

	Revenue from external customer		Specified non-current assets	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
PRC	**5,273**	301	**72,721**	33,306
Hong Kong	**–**	–	**5**	49
	5,273	301	**72,726**	33,355

(d) Information about major customer

Revenue of approximately HK$5,273,000 (2011: HK$301,000) arising from exploration, mining and processing of iron ore is attributed to the Group's one customer.

7. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Effective interest expenses on convertible note	**1,358**	–

8. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

Loss for the year from continuing operations has been arrived at after charging:

	2012 HK$'000	2011 HK$'000
Continuing operations		
Staff costs (including directors' remuneration)		
– salaries and other benefits	**5,740**	6,996
– contributions to defined contribution retirement benefit schemes	**169**	92
	5,909	7,088
Other items		
– inventories recognised as an expense	**4,592**	5,905
– write-down of obsolete inventories	**99**	3,276
Auditors' remuneration		
– audit service	**330**	320
– other services	**475**	156
Amortisation of intangible asset	**123**	117
Depreciation of property, plant and equipment	**375**	195
Loss on written off of other receivables	**–**	197
Net foreign exchange losses	**–**	20
Operating lease charges in respect of land and buildings	**587**	814
Impairment loss/loss on written off of property, plant and equipment	**1,347**	399
Impairment loss recognised in respect of goodwill	**11,073**	–
Impairment loss recognised in respect of other intangible asset	**679**	–

9. INCOME TAX

	2012 HK$'000	2011 HK$'000
Continuing operations		
Current tax:		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax	**–**	–
Deferred tax *(note 30)*	**598**	447
Income tax credit for the year	**598**	447

9. INCOME TAX (continued)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profit for both years ended 31 March 2012 and 2011 from its continuing operations.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The income tax for the year can be reconciled to the loss before tax per the consolidated income statement as follows:

	2012	2011
	HK$'000	*HK$'000*
Continuing operations		
Loss before tax from continuing operations	**26,725**	14,954
Notional tax on loss before tax calculated at the tax rates applicable to jurisdictions concerned	**6,057**	2,925
Tax effect of income not taxable	**908**	12
Tax effect of expenses not deductible and losses not allowable	**(4,121)**	(2,465)
Tax effect of temporary differences not recognised	**(2,460)**	(25)
Tax effect of utilisation of losses previously not recognised	**214**	–
Income tax credit for the year	**598**	447

10. DISCONTINUED OPERATION

Telecommunication business

On 12 March 2012, the Company and Success Trend Holdings Limited (the "Purchaser") entered into an agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell the entire issued share capital of China Bond Technology Limited ("China Bond") and the amount due to the Company by China Bond at total consideration of RMB400,000 (equivalent to approximately HK$492,000) (the "Disposal"). Upon completion of the Disposal, China Bond and its subsidiary (the "China Bond Group") will cease to be subsidiaries of the Company.

The comparative consolidated income statement and related notes have been re-presented as if the operation discontinued during the year had been discontinued at the beginning of the comparative period. The revenues, results and cash flows of the China Bond Group were as follows:

Loss for the year from discontinued operation

	2012 ***HK$'000***	2011 *HK$'000*
Turnover	**–**	5,990
Cost of sales	**–**	(5,707)
Gross profit	**–**	283
Other revenue and other income	**2,537**	955
Selling and distribution costs	**–**	(1,476)
Administrative and other operating expenses	**(133)**	(18,934)
Share of result of associate	**(3,704)**	106
Finance costs	**–**	–
Loss before tax from discontinued operation	**(1,300)**	(19,066)
Income tax	**–**	–
Loss for the year from discontinued operation	**(1,300)**	(19,066)
Loss on remeasurement to fair value less costs to sell	**(6,853)**	–
	(8,153)	(19,066)

10. DISCONTINUED OPERATION (continued)

Loss for the year from discontinued operation after crediting/(charging):

	2012 HK$'000	2011 HK$'000
Depreciation of property, plant and equipment	–	(14)
Bank interest income	5	8
Other service income	–	828
Reversal of impairment loss in respect of trade receivables	2,532	118
Loss on disposal of property, plant and equipment	–	(31)
Impairment loss recognised in respect of trade receivables	–	(7,398)
Impairment loss recognised in respect of other receivables	–	(256)
Operating lease charges in respect of land and buildings	(21)	(81)
Write-down of obsolete inventories	–	(9,366)
Staff costs		
– Salaries and other benefits	–	(924)
– Contributions to defined contribution retirement benefit schemes	–	(125)
Net foreign exchange losses	–	(16)
The cash flows from discontinued operation are as follows:		
Net cash generated used in operating activities	(832)	(5,251)
Net cash generated from investing activity	5	8
Net cash generated from financing activities	608	–

The carrying amounts of the assets and liabilities of the China Bond Group as at 31 March 2012 is disclosed in note 11.

11. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 12 March 2012, the Company and Purchaser entered into an agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell the entire issued share capital of China Bond and the amount due to the Company by China Bond at a total consideration of RMB400,000 (equivalent to approximately HK$492,000) (the "Disposal"). Upon completion of the Disposal, China Bond Group will cease to be subsidiaries of the Company. The Disposal has been completed on 15 May 2012. Details of the Disposal are set out in the Company's announcement and circular dated 15 March 2012 and 24 April 2012 respectively. The following major classes of assets and liabilities relating to the China Bond Group as at 31 March 2012 have been classified as held for sale in the consolidated statement of financial position.

	HK$'000
Interest in an associate *(note 20)*	15,948
Cash and bank deposits	667
	16,615
Less: Loss on remeasurement to fair value less costs to sell in respect of disposal group held for sale *(note a)*	(6,853)
Assets of disposal group classified as held for sale	9,762
Trade and other payables	(9,270)
Liabilities of disposal group classified as held for sale	(9,270)

Notes:

a. *The amount of approximately HK$6,853,000 represented the loss on remeasurement to fair value less costs to sell, which was calculated based on the difference between the carrying amount of the net assets of the China Bond Group as at 31 March 2012 and the consideration in respect of the Disposal of RMB400,000 (approximately HK$492,000).*

b. *An amount of approximately HK$8,777,000 relating to the disposal group classified as held for sale has been recognised in other comprehensive income and accumulated in equity.*

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

(a) Directors' remuneration

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

2012

	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	600	158	12	770
Mr. Tong Wang Shun	480	40	–	520
Ms. Zeng Jieping	240	20	12	272
Mr. Wong Kai Tat (ceased on 1 July 2011)	390	318	3	711
Non-executive director:				
Mr. Pong Shing Ngai*	180	15	9	204
Independent non-executive directors:				
Ms. Hui Sin Man, Alice	120	10	7	137
Mr. Chung Koon Yan	120	10	7	137
Mr. Chan Ying Cheong	120	10	7	137
	2,250	581	57	2,888

* Mr. Pong Shing Ngai was re-designated as an independent non-executive director on 10 April 2012.

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

(a) Directors' remuneration (continued)

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

During the year ended 31 March 2012 and 2011, no director waived any emoluments.

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

(b) Of the 5 individuals with the highest emoluments in the Group, 4 (2011: 4) are the directors of the Company whose emoluments are set out above. The emoluments of the remaining 1 (2011: 1) non-director highest paid individual is as follows:

	2012	2011
	HK$'000	*HK$'000*
Salaries and other benefits	**520**	260
Retirement benefit scheme contributions	**12**	6
	532	266

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

	Number of individual	
	2012	2011
Within HK$1,000,000	**1**	1

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2011: Nil).

13. DIVIDEND
No dividend has been paid nor proposed for the year (2011: Nil).

14. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares.

From continuing and discontinued operations

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

	2012	2011
	HK$'000	*HK$'000*
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	**33,672**	28,553

The denominators used are the same as those detailed below for both basic and diluted loss per share from continuing operations.

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2012	2011
	HK$'000	*HK$'000*
Loss figures are calculated as follows:		
Loss for the year attributable to owners of the Company	**33,672**	28,553
Less: loss for the year from the discontinued operation	**(7,545)**	(14,274)
Loss from continuing operations for the purpose of calculating basic and diluted loss per share	**26,127**	14,279

	2012	2011
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,069,875**	826,068

The computation of diluted loss per share from continuing operations did not assume the conversion of outstanding convertible note and the exercise of outstanding share options of the Company as the conversion/exercise price was higher than the average market price of shares for both years or since their conversion/exercise would result in an decrease in loss per share and thus anti-dilutive for the year ended 31 March 2012 and 31 March 2011.

14. LOSS PER SHARE (continued)

From discontinued operation

Basic and diluted loss per share from the discontinued operation is HK$0.71 cents per share (2011: loss per share of HK$1.73 cents) is arrived at based on the loss for the year from the discontinued operation of approximately HK$7,545,000 (2011: loss for the year from discontinued operation of HK$14,274,000) and the denominators detailed above for both basic and diluted loss per share from continuing operations.

15. 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$11,016,000 (2011: HK$9,580,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amounts to the Company's loss for the year are as follows:

	2012	2011
	HK$'000	*HK$'000*
Amount of consolidated loss attributable to equity owners dealt with in the Company's financial statements	**11,016**	9,580
Transaction costs for acquisition of additional equity interests in subsidiary that do not result in a change of control	**–**	1,175
Company's loss for the year *(note 32(b))*	**11,016**	10,755

16. 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 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 and 1 April 2011	176	50	1,755	950	1,382	4,313
Additions	–	–	1,666	1,130	898	3,694
Disposals	–	(50)	(18)	–	–	(68)
Acquired on acquisition of subsidiaries	–	–	16	–	–	16
Written off	–	–	–	–	(1,347)	(1,347)
Exchange adjustments	7	–	62	35	49	153
At 31 March 2012	183	–	3,481	2,115	982	6,761
Accumulated depreciation and impairment:						
At 1 April 2010	169	24	566	600	–	1,359
Depreciation provided for the year	–	10	166	33	–	209
Impairment recognised for the year	–	–	32	–	–	32
Eliminated on written off	–	–	(5)	(162)	–	(167)
Exchange adjustments	7	–	26	27	–	60
At 31 March 2011 and 1 April 2011	176	34	785	498	–	1,493
Depreciation provided for the year	–	8	246	121	–	375
Eliminated on disposals	–	(42)	(17)	–	–	(59)
Exchange adjustments	7	–	30	19	–	56
At 31 March 2012	183	–	1,044	638	–	1,865
Carrying amounts:						
At 31 March 2012	**–**	**–**	**2,437**	**1,477**	**982**	**4,896**
At 31 March 2011	–	16	970	452	1,382	2,820

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Total HK$'000
Cost:			
At 1 April 2010	50	129	179
Additions	–	2	2
At 31 March 2011 and 1 April 2011	50	131	181
Disposals	(50)	(18)	(68)
At 31 March 2012	–	113	113
Accumulated depreciation and impairment:			
At 1 April 2010	24	71	95
Depreciation provided for the year	10	27	37
At 31 March 2011 and 1 April 2011	34	98	132
Depreciation provided for the year	8	25	33
Eliminated on disposals	(42)	(15)	(57)
At 31 March 2012	–	108	108
Carrying amounts:			
At 31 March 2012	**–**	**5**	**5**
At 31 March 2011	16	33	49

17. INVESTMENT PROPERTY

	HK$'000
Fair Value	
At 1 April 2010, 31 March 2011 and 1 April 2011	–
Acquired on acquisition of subsidiaries *(note 33)*	64,787
Additions	3,353
Net decrease in fair value recognised in profit or loss	(876)
Exchange adjustments	566
At 31 March 2012	**67,830**

The fair value of the Group's investment property at 31 March 2012 has been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. The directors of Asset Appraisal Limited are members of the Hong Kong Institute of Surveyors, and have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation was determined by reference to market evidence of transaction prices for similar properties in relevant market.

The Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment property.

At 31 March 2012, no investment property has been pledged to obtain banking facilities for the Group. The minimum lease payments have been paid in full at the inception of the lease.

The carrying amount of investment property shown above comprise:

	2012 ***HK$'000***	2011 *HK$'000*
Investment property in the PRC, held under medium-term leases	**67,830**	–

18. GOODWILL

	2012 HK$'000	2011 HK$'000
Cost:		
At 1 April	**10,798**	10,335
Exchange adjustments	**408**	463
At 31 March	**11,206**	10,798
Accumulated impairment:		
At 1 April	**–**	–
Impairment losses recognised during the year	**11,073**	–
Exchange adjustments	**133**	–
	11,206	–
Carrying amounts:		
At 31 March	**–**	10,798

Impairment testing of goodwill

For the purpose of impairment testing, goodwill acquired through business combination has been allocated to the relevant cash-generating unit ("CGU"), which in all cases were determined to be exploration, mining and processing of iron ores operated by a subsidiary, 鳳山縣黔興礦業有限責任公司. The carrying amount of goodwill (net of accumulated impairment losses) as at 31 March 2012 was allocated to the CGU as follows:

	2012 HK$'000	2011 HK$'000
Exploration, mining and processing of iron ores — 鳳山縣黔興礦業有限責任公司 ("Feng Shan")	**–**	10,798

The recoverable amount of the CGU has been determined based on value-in-use calculation. Value-in-use calculation is based on cash flow projection prepared from financial forecasts approved by the directors of the Company covering a mine life period until the mine resources run out based on existing production capacity. The CGU's cash flows are extrapolated using a steady 3% growth rate. This growth rate does not exceed the average long-term growth rate for the relevant industry. The discount rates applied to the cash flow projections is 19.74% per annum.

Other key assumptions for the value-in-use calculation relate to the estimation of cash inflows/outflows which include future iron price, production rate and gross margins. Such estimation is based on the estimation provided by management.

Iron ore market has seen extreme volatility since September last year and import iron ore price slumped from US$180 a ton to US$145 a ton in March this year. Many market participants were seeing signs of flattening iron ore demand from the PRC even though many are betting on a soft landing for the PRC economy. As a result of the significant decrease of iron price in international market, the directors of the Company are in the opinion that the iron ore market price is likely to remain depressed in the long run. Based on the value-in-use calculation carried out by Asset Appraisal Limited, an independent qualified professional valuer, the carrying amount of the CGU is significantly above its recoverable amount, accordingly, the Group impaired its CGU to which the goodwill is allocated by HK$11,073,000 to the consolidated income statement during the year.

19. OTHER INTANGIBLE ASSET

The Group

	Mining right	
	2012	2011
	HK$'000	HK$'000
Cost:		
At 1 April	**1,203**	1.151
Exchange adjustments	**45**	52
At 31 March	**1,248**	1,203
Accumulated amortisation and impairment:		
At 1 April	**421**	287
Amortisation provided for the year	**123**	117
Impairment loss recognised during the year	**679**	–
Exchange adjustments	**25**	17
At 31 March	**1,248**	421
Carrying amount:		
At 31 March	**–**	782

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.

Impairment testing of mining right

For the purpose of impairment testing, mining right has been allocated to the relevant cash-generating unit ("CGU"), 鳳山縣黔興礦業有限責任公司, a subsidiary principally engaged in exploration, mining and processing of iron ore.

Determining whether mining right is impaired requires an estimation of the recoverable amount of CGU which has been determined based on value-in-use calculation as detailed in note 18. As a result of the impairment test performed, impairment loss of approximately HK$679,000 was recognised to the consolidated income statement.

20. INTEREST IN AN ASSOCIATE

The Group

	2012 HK$'000	2011 HK$'000
Cost of investment in an associate		
Unlisted	**13,833**	13,833
Share of net assets	**2,115**	5,122
	15,948	18,955
Interest in an associate reclassified as assets held for sale *(note 11)*	**(15,948)**	–
At 31 March	**–**	18,955

Particulars of the Group's associate as at 31 March 2012 are as follows:

Name	Place of incorporation/ operation	Proportion of equity interest attributable to the Group	Registered capital	Principal activities
上海華誠通信器材有限公司 ("Shanghai Hua Cheng")	The PRC	42.86%	US$1,500,000	Manufacturing 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 2012 and 2011 have been used after making adjustments, as appropriate, for compliance with accounting principles generally accepted in Hong Kong.

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.

20. INTEREST IN AN ASSOCIATE (continued)

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

	2012 HK$'000	2011 HK$'000
Results		
Turnover for the year	**59,183**	49,830
(Loss)/profit for the year	**(8,643)**	248
Group's share of (loss)/profit for the year, after share of tax expense of approximately HK$(2,499,000) (2011: HK$614,000)	**(3,704)**	106
Financial position		
Total assets	**84,243**	69,192
Total liabilities	**(47,034)**	(24,967)
Net assets	**37,209**	44,225
Group's share of net assets	**15,948**	18,955

21. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2012 HK$'000	2011 HK$'000
Unlisted equity shares, at cost	**20**	20

Details of subsidiaries as at 31 March 2012, which materially affected the Group's results or net assets, are set out in note 43.

22. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	The Company	
	2012 HK$'000	2011 HK$'000
Amounts due from subsidiaries	**95,164**	40,267
Impairment losses	**(4,679)**	(4,679)
	90,485	35,588

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment. The Company has no intention to demand for repayment within 12 months after the reporting date and the amounts are therefore classified as non-current assets.

The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

23. PROPERTIES HELD FOR SALE

	HK$'000
At 1 April 2010, 31 March 2011 and 1 April 2011	–
Acquired on acquisition of subsidiaries *(note 33)*	88,013
Additions	10,215
Exchange adjustments	784
At 31 March 2012	99,012

At 31 March 2012, the properties held for sale of HK$99,012,000 were included in the Group's current assets in the consolidated statement of financial position as it is expected that the properties will be realised in the Group's normal operating cycle for property business.

At 31 March 2012, the Group performed impairment assessment on its properties held for sale to assess their recoverable amounts with reference to a valuation made by an independent qualified professional valuer, Asset Appraisal Limited. The valuation was arrived at by using the direct comparison method. As the expected recoverable amounts of the properties held for sale are higher than their carrying amounts at the reporting date, the directors of the Company are of the opinion that no impairment on these properties is considered necessary.

The stock of properties at 31 March 2012 is located in the PRC. The carrying amounts of properties held for sale shown above are as follows:

	2012 ***HK$'000***	2011 *HK$'000*
Properties held for sale in the PRC under medium-term lease	**99,012**	–

24. INVENTORIES

	The Group	
	2012 ***HK$'000***	2011 *HK$'000*
Finished goods	**29**	21

25. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**–**	10,580	**–**	–
Less: Provision for impairment of trade receivables	**–**	(8,288)	**–**	–
	–	2,292	**–**	–
Other receivables	**662**	835	**–**	–
Prepayments	**501**	2,717	**178**	219
Deposits	**702**	707	**320**	573
	1,865	6,551	**498**	792
An aged analysis of trade receivables based on invoice date is as follows:				
Over 3 months but within 1 year	**–**	2,292	**–**	–
	–	2,292	**–**	–

Note: 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.

Ageing of trade receivables past due but not impaired:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Overdue by:		
1 day to 9 months	**–**	2,292

25. TRADE AND OTHER RECEIVABLES (continued)

The movements in the provision for impairment of trade receivables are as follows:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
1 April	**8,288**	829
Impairment loss recognised	**–**	7,398
Impairment loss reversed	**(2,532)**	–
Amounts written off as uncollectible	**(5,756)**	–
Exchange adjustments	**–**	61
31 March	**–**	8,288

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.

Other receivables and deposits comprise amounts receivable from third parties and are repayable on demand.

26. CASH AND BANK DEPOSITS

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at bank	**5,155**	21,689	**48**	20,648
Cash on hand	**112**	6	**98**	–
	5,267	21,695	**146**	20,648

Cash and bank deposits are denominated in the following currencies:

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HKD	**176**	20,684	**43**	20,643
Renminbi ("RMB")	**5,086**	1,006	**98**	–
United States dollars ("USD")	**5**	5	**5**	5
	5,267	21,695	**146**	20,648

RMB is currently not a freely convertible currency in the international market. The conversion of RMB into foreign currencies and remittance of RMB out of Mainland China are subject to the rules and regulations of the foreign exchange control promulgated by the Mainland China government.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

27. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**13,143**	13,278	**–**	–
Other payables	**15,299**	2,302	**306**	6
Accruals	**1,134**	–	**749**	831
Deposits received	**809**	–	**98**	–
	30,385	15,580	**1,153**	837
An aged analysis of the trade payables is as follows:				
Within 3 months	**650**	1,307	**–**	–
Over 3 months but within 1 year	**12,493**	11,911	**–**	–
Over 1 year	**–**	60	**–**	–
	13,143	13,278	**–**	–

28. AMOUNTS DUE TO DIRECTORS/A SHAREHOLDER/RELATED COMPANIES

The amounts represent advance from directors/a shareholder/related companies of non-trade nature, and are unsecured, non-interest bearing and have no fixed repayment terms.

29. CONVERTIBLE NOTE

On 15 August 2011, the Company issued a zero coupon convertible note with face value of HK$33,840,000 (the "Convertible Note") to Mr. Huang Shih Tsai as part of the consideration for the acquisition of Linkful Wise Group Holdings Limited and its subsidiaries ("Linkful Group"). Further information of the business combination is disclosed in note 33 to the consolidated financial statements. The Convertible Note is unsecured, non-interest bearing and repayable upon maturity which is the fifth anniversary of the date of issue. The holder of the Convertible Note has the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Note into ordinary shares of the Company at an initial conversion price of HK$0.20 per share. The conversion price of the Convertible Note, is subject to anti-dilutive adjustment. Details of the transaction are set out in the Company's circular dated 8 April 2011. If the Convertible Note has not been converted, the holder will be redeemed on 15 August 2016.

The Convertible Note is compound financial instrument containing two components, liability and equity elements. The fair value of the liability component was calculated using the discounted cash flows method at a market interest rate for the equivalent non-convertible note. The effective interest rate of the liability component on initial recognition is approximately 11%. The equity component was stated at its fair value using Binomial model which is included in shareholders' equity as convertible note equity reserve.

29. CONVERTIBLE NOTE (continued)

The movements in the liability component of the Convertible Note are set out below:

	HK$'000
At 1 April 2010, 31 March 2011 and 1 April 2011	–
Issuance of convertible note on acquisition of subsidiaries *(note 33)*	20,071
Effective interest expense	1,358
At 31 March 2012	**21,429**

30. DEFERRED TAXATION

	The Group		The Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deferred tax assets	**2,986**	959	**–**	–
Deferred tax liabilities	**(23,662)**	–	**2,048**	–
	(20,676)	959	**2,048**	–

The Group

The following are the major deferred tax assets and liabilities recognised by the Group and their movements during the year:

Deferred tax assets

	Losses available for offsetting against future taxable profits	Total
	HK$'000	*HK$'000*
At 1 April 2010	486	486
Credited to the consolidated income statement	447	447
Exchange adjustments	26	26
At 31 March 2011 and 1 April 2011	959	959
Acquisition of subsidiaries	1,816	1,816
Credited to the consolidated income statement	156	156
Exchange adjustments	55	55
At 31 March 2012	2,986	2,986

30. DEFERRED TAXATION (continued)

Deferred tax liabilities

	Fair value Adjustment on business combination HK$'000	Fair value adjustment on investment property HK$'000	Convertible note HK$'000	Total HK$'000
At 1 April 2010, 31 March 2011 and 1 April 2011	–	–	–	–
Acquisition of subsidiaries	(21,643)	–	(2,272)	(23,915)
Credited to the consolidated income statement	–	218	224	442
Exchange adjustments	(192)	3	–	(189)
At 31 March 2012	(21,835)	221	(2,048)	(23,662)

The movements on the deferred tax liabilities (assets) account are as follows:

	The Group		The Company	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
At 1 April	**959**	486	**–**	–
Acquisition of subsidiaries	**(22,099)**	–	**(2,272)**	
Credit to the consolidated income statement	**598**	447	**224**	–
Exchange adjustments	**(134)**	26	**–**	–
At 31 March	**(20,676)**	959	**2,048**	–

At the end of the reporting period, the Group has unused tax losses approximately of HK$13,187,000 (2011: approximately of HK$10,275,000) available for offsetting against future profits. A deferred tax asset has been recognised in respect of approximately of HK$2,727,000 (2011: approximately of HK$938,000) of such losses. No deferred tax asset has been recognised of the remaining approximately HK$10,460,000 (2011: approximately of HK$9,337,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately of HK$1,743,000 (2011: Nil) that will expire for 5 years. Other losses may be carried forward indefinitely.

The Company

	Convertible note HK$'000
At 1 April 2010, 31 March 2011 and 1 April 2011	–
Acquisition of subsidiaries	(2,272)
Credit to the consolidated income statement	224
At 31 March 2012	**2,048**

No deferred tax asset has been recognised in respect of unused tax losses available for offset against future profits due to unpredictability of future profit streams.

31. SHARE CAPITAL

	Number of shares		Amount	
	2012	2011	**2012**	2011
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares of HK$0.1 each				
Authorised:				
— At beginning of the year	**2,000,000**	800,000	**200,000**	80,000
— Creation of additional shares *(note (1))*	**–**	1,200,000	**–**	120,000
— At end of the year	**2,000,000**	2,000,000	**200,000**	200,000
Issued and fully paid:				
— At beginning of the year	**972,628**	486,314	**97,263**	48,631
— Issue of shares as consideration for acquisition of Linkful Group *(note (2))*	**155,000**	–	**15,500**	–
— Rights shares issued *(note (3))*	**–**	486,314	**–**	48,632
— At end of the year	**1,127,628**	972,628	**112,763**	97,263

Notes:

(1) 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 dividend 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.

(2) On 15 August 2011, 155,000,000 consideration shares were issued and allotted, in accordance with the terms of an acquisition agreement dated 25 February 2011 and a supplemental agreement dated 2 March 2011, to Mr. Huang Shih Tsai and recognised at fair value of HK$0.138 per share as issue price.

(3) 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.

32. RESERVES

(a) The Group

	Share premium HK$'000	Convertible note equity reserve HK$'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 2010	122,081	–	706	3,808	3,546	–	(148,972)	(18,831)
Total comprehensive income/ (loss) 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 and 1 April 2011	119,735	–	706	3,808	5,087	314	(177,525)	(47,875)
Total comprehensive income/ (loss) for the year	–	–	–	–	1,714	–	(34,888)	(33,174)
Share options lapsed	–	–	(321)	–	–	–	321	–
Premium on issue of new shares on acquisition of subsidiaries	5,889	–	–	–	–	–	–	5,889
Fair value of equity component of convertible note issued on acquisition of subsidiaries	–	8,702	–	–	–	–	–	8,702
Deferred tax liability on recognition of equity components of convertible note	–	(2,272)	–	–	–	–	–	(2,272)
At 31 March 2012	**125,624**	**6,430**	**385**	**3,808**	**6,801**	**314**	**(212,092)**	**(68,730)**

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 accumulated losses using merger accounting to account for the Group Reorganisation.

32. RESERVES (continued)

(b) The Company

	Share premium *HK$'000*	Convertible note equity reserve *HK$'000*	Share options reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2010	162,652	–	706	(191,535)	(28,177)
Total comprehensive loss for the year	–	–	–	(10,755)	(10,755)
Cost attributable to issue of rights shares	(2,346)	–	–	–	(2,346)
At 31 March 2011 and 1 April 2011	160,306	–	706	(202,290)	(41,278)
Total comprehensive loss for the year	–	–	–	(11,016)	(11,016)
Share options lapsed	–	–	(321)	321	–
Premium on issue of new shares on acquisition of subsidiaries	5,889	–	–	–	5,889
Convertible note issued on acquisition of subsidiaries	–	8,702	–	–	8,702
Deferred tax liability on recognition of equity components of convertible note	–	(2,272)	–	–	(2,272)
At 31 March 2012	**166,195**	**6,430**	**385**	**(212,985)**	**(39,975)**

32. 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) Convertible note equity reserve

The convertible note equity reserve represents the value of the unexercised equity component of convertible note issued by the Company with related deferred tax recognised.

(iii) 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(w).

(iv) PRC statutory reserves

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.

(v) Translation reserve

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

(vi) 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 the owners as at 31 March 2012 (2011: Nil).

33. BUSINESS COMBINATION

On 15 August 2011, the Group completed the acquisition of 100% of the issued share capital of Linkful Wise Group Holdings Limited. The consideration for such acquisition was to be satisfied by (i) issuing and allotting 155,000,000 consideration shares at an issue price of HK$0.2 per share; (ii) issuing a convertible note with principal amount of HK$33,840,000; (iii) paying HK$10,000,000 in cash; and (iv) issuing a promissory note with principal amount of HK$75,960,000 on the first anniversary of completion of the acquisition. The acquisition had been accounted for using the acquisition method.

The amount of gain on bargain purchase arising as a result of the acquisition was HK$4,823,000. Linkful Group was engaged in property investment and development. The gain on bargain purchase arising from acquisition of Linkful Group of HK$4,823,000 that recognised to consolidated income statement was arising from the difference between (a) the fair value of the consideration transferred of HK$50,231,000 comprising the convertible note at fair value with reference to valuation performed by independent valuer using the binominal model; and (b) the acquisition-date fair value of identifiable net assets acquired of HK$55,054,000 comprising the properties at fair value with reference to valuation performed by an independent valuer with experience in the valuation of similar properties in the relevant market. Details of the acquisition were set out in the Company's announcement and circular dated 2 March 2011 and 8 April 2011 respectively.

Fair value of consideration transferred

	HK$'000
Convertible note *(note 1)*	28,773
Consideration shares *(note 2)*	21,390
Cash consideration	10,000
	60,163
Provisional adjustment to consideration *(note 3)*	(9,932)
Total consideration transferred	50,231

Notes:

1. The Company appointed American Appraisal China Limited ("American Appraisal"), an independent firm of valuers, to perform a valuation on the fair value of the Convertible Note issued on 15 August 2011. The fair value of the liability component and equity component of the Convertible Note were approximately HK$20,071,000 and HK$8,702,000 respectively.

2. The fair value of the 155,000,000 ordinary shares issued by the Company has been determined using the open market price of the Company's shares on 15 August 2011 at HK$0.138 per share.

3. The provisional adjustment to consideration is calculated by the exceed of the net amount of the receivables and payables of the Linkful Group of approximately HK$77,935,000 based on the financial information of the Linkful Group as at 15 August 2011 and the estimated construction cost to be incurred in respect of the properties owned by Leshan Great China International Enterprises Limited (the "Venice Building") as at 15 August 2011of approximately HK$7,957,000 over the principal amount of promissory note of HK$75,960,000 to be issued on the 1st anniversary of the date of completion of acquisition. Depending on the upcoming financial information and the construction cost to be incurred by the Linkful Group at the anniversary date, the cash component of the consideration that has been paid for the acquisition may be adjusted and the Group can demand payment from Mr. Huang Shih Tsai, the vendor of transaction on or about the anniversary date. As at 31 March 2012, the directors of the Company consider the principal amount of the Promissory Note of HK$75,960,000 is sufficient enough to cover the net amount of the receivables and payables of the Linkful Group and the construction costs to be incurred with respect to the Venice Building.

33. BUSINESS COMBINATION (continued)

Acquisition-related costs amounting to approximately HK$3,000,000 have been excluded from the consideration transferred and have been recognised as expenses in the period they were incurred within the administrative and other operating expenses in the consolidated income statement.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Investment property	64,787
Property, plant and equipment	16
Properties held for sale	88,013
Amounts due from a related party	24
Amounts due from directors	819
Other receivables and prepayments	28
Cash and bank deposits	1,902
Amounts due to a related company	(37,127)
Trade and other payables	(13,959)
Amount due to directors	(29,622)
Deferred tax assets	1,816
Deferred tax liabilities	(21,643)
	55,054

33. BUSINESS COMBINATION (continued)

Gain on bargain purchase arising on acquisition

	HK$'000
Fair value of net assets acquired	55,054
Less: Total consideration transferred	(50,231)
Gain on bargain purchase	4,823

Net cash outflow on acquisition of subsidiaries

	HK$'000
Cash paid during the year	8,000
Less: Cash and cash equivalents acquired	(1,902)
Net cash outflow during the year	6,098

The total cash consideration of the acquisition was HK$10,000,000 and the Group paid HK$2,000,000 as deposit during the year ended 31 March 2011. The remaining consideration has been paid during the year ended 31 March 2012.

Since its acquisition, the Linkful Group contributed no revenue to the Group and HK$1,155,000 of loss to the Group's result for the year ended 31 March 2012.

Had the acquisition taken place at the beginning of the year (i.e. 1 April 2011), the revenue and the loss of the Group for the year ended 31 March 2012 would have been HK$5,273,000 and HK$35,676,000 respectively.

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2011, nor is it intended to be a projection of future results.

34. DISPOSAL OF SUBSIDIARIES WITH LOSS OF CONTROL

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

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

34. DISPOSAL OF SUBSIDIARIES WITH LOSS OF CONTROL (continued)

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

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

The loss on disposal was 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.

35. OPERATING LEASES

The Group and the Company lease certain premises under operating lease arrangements. Leases for premises are negotiated for terms ranging from 1 to 2 years.

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	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
As a lessee				
Premises				
— within 1 year	**–**	587	**–**	491
— after 1 year but within 5 years	**–**	261	**–**	–
	–	848	**–**	491

36. CAPITAL COMMITMENTS

	2012 HK$'000	2011 HK$'000
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of:		
– investment property	**3,183**	–
– properties held for sale	**9,697**	–
	12,880	–

37. CONTINGENT LIABILITIES

The Group and the Company did not have significant contingent liabilities at the end of reporting period (2011: Nil).

38. 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 twelvemonth 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.

38. SHARE OPTION SCHEME (continued)

Details of the existing share options granted by the Company under the 2002 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	5,408,001 *(note 1)*	0.23925 *(note 2)*	0.095

Notes:

1. *The number of 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 share capital of the Company. The number of total outstanding options was further adjusted to 5,408,001 due to the lapse of 4,506,667 outstanding options held by Mr. Wong Kai Tat, the expiration of the three months' period after the date of cessation of directorship of Mr. Wong Kai Tat.*

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 share capital of the Company.*

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

The fair value of share option 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 the share option 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 was 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 2012 and 2011.

The 2002 Share Option Scheme will expire on 1 August 2012.

Ordinary resolution to adopt a new share option scheme and to terminate the 2002 Share Option Scheme will be proposed to the shareholders at the forthcoming annual general meeting of the Company.

38. SHARE OPTION SCHEME (continued)

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

2012

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	450,667	–	–	–	–	450,667
Mr. Wong Kai Tat* (ceased on 1 July 2011)	29/2/2008	0.23925	4,506,667	–	–	(4,506,667)	–	–
Ms. Hui Sin Man, Alice	29/2/2008	0.23925	450,667	–	–	–	–	450,667
Sub-total			5,408,001	–	–	(4,506,667)	–	901,334
Employee	29/2/2008	0.23925	4,506,667	–	–	–	–	4,506,667
Total			9,914,668	–	–	(4,506,667)	–	5,408,001
Weighted average exercise price			0.23925	–	–	0.23925	–	0.23925

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
Employee	29/2/2008	0.23925	3,380,000	–	–	–	1,126,667	4,506,667
Total			7,436,000	–	–	–	2,478,668	9,914,668
Weighted average exercise price			0.23925	–	–	–	0.23925	0.23925

* *4,506,667 unexercised share options were lapsed during the year ended 31 March 2012 upon the expiration of three months after Mr Wong Kai Tat ceased as an executive director of the Company.*

39. 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 each employee are calculated as a percentage of the 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 2012 amounted to approximately HK$169,000 (2011: HK$217,000).

40. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the consolidated financial statements, the Group and the Company had the following material transactions with related parties during the year:

(a) **Compensation of key management personnel**

The remuneration of directors and other members of key management during the year was as follows:

	2012	2011
	HK$'000	*HK$'000*
Salaries and other benefits	**3,351**	5,276
Retirement benefit scheme contributions	**69**	68
	3,420	5,344

The remuneration of key management is determined having regard to the performance of individuals and market trends.

(b) During the year ended 31 March 2011, 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 (classified as asset held for sale as at 31 March 2012), 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 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 amount to approximately HK$5,758,000, in respect of which no collateral or other credit enhancements were provided by the Group.

(c) During the year ended 31 March 2011, HK$3,274,000 was paid to 王富家先生 ("Mr. Wong") in relation to the acquisition of the remaining 49% of the entire equity interest in Feng Shan.

(d) Included in amounts due to related companies of approximately HK$42,539,000 represents the balances with the companies in which Mr. Huang Shih Tsai, a controlling shareholder of the Company, has share interests and/or directorships and is able to exercise control over these companies. Other than the aforesaid, details of the outstanding balances with directors, a shareholder at the end of the reporting period are set out in the Group and the Company's statements of financial position in note 28.

41. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the cash and cash equivalents and equity balance. The Group's overall strategy remains unchanged from prior year.

The Group monitors its capital structure on a basis of gearing ratio. This ratio is calculated as long-term borrowings divided by total equity as shown in the consolidated statement of financial position.

The capital structure of the Group consists of long-term borrowings, comprising convertible note, and equity, comprising share capital and reserves. The Group did not have long-term borrowings for the year ended 31 March 2011.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The gearing ratio at the end of the reporting period was as follows:

	2012 ***HK$'000***	2011 *HK$'000*
Long-term borrowings		
Liability component of convertible note *(note 29)*	**21,429**	–
Equity	**41,884**	46,726
Gearing ratio	**51.2%**	N/A

The arising of the gearing ratio during the year ended 31 March 2012 resulted primarily from the issuance of convertible note.

42. FINANCIAL RISK MANAGEMENT

The disclosure for financial instruments are set out below excluding those included in assets and liabilities classified as held for sale.

(a) Categories of financial instruments

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Loans and receivables at amortised cost		
Trade and other receivables	**1,364**	3,834
Cash and bank deposits	**5,267**	21,695
	6,631	25,529
Financial liabilities at amortised cost		
Trade and other payables	**(30,385)**	(15,580)
Amounts due to directors	**(2,604)**	(275)
Amount due to a shareholder	**(19,874)**	–
Amounts due to related companies	**(42,539)**	–
	(95,402)	(15,855)

(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.

42. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(i) Market risk management

Currency risk

Subsidiaries of the Group did not have foreign currency sales or purchases denominated in currencies other than their functional currencies. All purchases and sales are denominated in the group entities' functional currency.

The carrying amount of the group entities' foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period is as follows:

	Liabilities		**Assets**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
RMB	**–**	14,719	**98**	25,174
USD	**–**	–	**5**	5

Sensitivity analysis

The Group is mainly exposed to the effect of fluctuation in HKD against RMB.

As HKD is pegged to USD, the financial impact on exchange risk is expected to be insignificant.

The following table details the group entities' sensitivity to a 5% increase and decrease in functional currency of the relevant group entities against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at the reporting date for a 5% change in foreign currency rates. A positive number below indicates a decrease in loss or an increase in profit where functional currency of the relevant group entities weaken 5% against the relevant foreign currency. For a 5% strengthen of functional currency of the relevant group entities against the relevant foreign currency, there would be an equal and opposite impact on the loss or profit, and the balance below would be negative.

	(Loss)/profit before tax for the year	
	2012	2011
	HK$'000	*HK$'000*
RMB	**(4)**	523

The Group currently does not enter into any derivative contracts to minimise the currency risk exposure. However, the management will consider hedging significant currency risk should the need arise.

42. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(i) Market risk management (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates arises primarily from bank borrowings, bank overdraft and bank deposits with a floating interest rate. The Group does not use derivative financial instruments to hedge its interest rate risk.

At the end of the reporting period, the Group has no significant expense to interest rate risk. The exposures to the interest rate risk are monitored on an ongoing basis.

Price risk

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

(ii) Fair values

The fair value of financial assets and financial liabilities are determined as follows:

(i) the fair value of financial assets and financial liabilities, with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices.

(ii) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using Binomial Tree Pricing model.

Except for the liability component of convertible note which is initially recognised at fair value and then recorded at amortised cost as below, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their respective fair values:

	2012		2011	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	HK$'000	***HK$'000***	HK$'000	*HK$'000*
Convertible note	**21,429**	**19,649**	–	–

Note:

The fair value of the liability component is the present value of the contractually determined stream of future cash flows discounted at the interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without conversion option.

42. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(iii) Credit risk management

At 31 March 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from 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, the management of the Group has credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Credit risk is concentrated as to 27% (2011: 100%) of the total trade and other receivables that are due from the Group's 3 non trade debtors (2011: 1 largest customer). However, the management considers, based on the strong financial background and good creditability of the debtor, there will not be significant credit risks.

42. 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 banking facilities and credit lines will be considered to fund any emergency liquidity requirements. The Group currently relies on funds generated from business operations as well as advances from directors/shareholders/related companies as principal source to maintain its liquidity.

The following tables details the Group's contractual maturity for its non-derivative 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				
	Weighted average effective interest rate	On demand or less than 1 year	More than 1 year	Total undiscounted cash flows	Total carrying amount at 31 March
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The Group					
2012					
Non-derivative financial liabilities					
Convertible note	**11%**	**–**	**28,773**	**28,773**	**21,429**
Trade and other payables	**–**	**30,385**	**–**	**30,385**	**30,385**
Amounts due to directors	**–**	**2,604**	**–**	**2,604**	**2,604**
Amounts due to a shareholder	**–**	**19,874**	**–**	**19,874**	**19,874**
Amounts due to related companies	**–**	**42,539**	**–**	**42,539**	**42,539**
		95,402	**28,773**	**124,175**	**116,831**
2011					
Non-derivative financial liabilities					
Trade and other payables	–	15,580	–	15,580	15,580
Amounts due to directors	–	275	–	275	275
		15,855	–	15,855	15,855

42. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(iv) Liquidity risk management (continued)

	Weighted average effective interest rate	On demand or less than 1 year *HK$'000*	More than 1 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Total carrying amount *HK$'000*
The Company					
2012					
Non-derivative financial liabilities					
Convertible note	**11%**	**–**	**33,840**	**33,840**	**21,429**
Trade and other payables	**–**	**1,153**	**–**	**1,153**	**1,153**
Amounts due to directors	**–**	**2,604**	**–**	**2,604**	**2,604**
Amounts due to subsidiaries	**–**	**65**	**–**	**65**	**65**
	–	**3,822**	**33,840**	**37,662**	**25,251**
2011					
Non-derivative financial liabilities					
Trade and other payables	–	837	–	837	837
Amounts due to directors	–	275	–	275	275
	–	1,112	–	1,112	1,112

43. LIST OF SUBSIDIARIES

The Company's subsidiaries at 31 March 2012 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		Principal activities
				Directly	Indirectly	
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
鳳山縣黔興礦業有限責任公司	The PRC	Foreign investment enterprise	RMB10,000,000	–	100%	Exploration, mining and processing of iron ore
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

43. LIST OF SUBSIDIARIES (continued)

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
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
Linkful Wise Group Holdings Limited	British Virgin Islands*	Limited liability company	US$50,000	100%	–	Investment holding
Great China International Enterprises Group Limited	Hong Kong	Limited liability company	HK$30,000,000	–	100%	Investment holding
樂山大中華國際實業有限公司	The PRC	Foreign investment enterprise	RMB25,000,000	–	100%	Property investment and development, operating and managing residential and commercial properties

* *No specific principal place of operation*

None of the subsidiaries had issued any debt securities outstanding 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 2012 and 2011 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 the remaining 49% equity interest in Feng Shan from 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.

44. MAJOR NON CASH TRANSACTION

The principal non-cash transaction is the issue of shares and convertible note as partial consideration for the acquisition of Linkful Group as details in note 33.

45. EVENT AFTER THE REPORTING PERIOD

On 15 May 2012, the disposal of China Bond Group has been completed as details in note 11 and the Company's announcement dated 15 May 2012.

Five-Year Financial Summary

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				
	2008	2009	2010	2011	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Turnover	20,222	16,808	34,876	301	**5,273**
Loss before tax	(4,558)	(11,865)	(6,458)	(14,954)	**(26,725)**
Income tax (charge)/credit	(132)	(22)	308	447	**598**
Loss for the year from continuing operations	(4,690)	(11,887)	(6,150)	(14,507)	**(26,127)**
Loss for the year from discontinued operation	–	–	–	(19,066)	**(8,153)**
	(4,690)	(11,887)	(6,150)	(33,573)	**(34,280)**
Attributable to:					
Owners of the Company	(4,690)	(12,081)	(6,892)	(28,553)	**(33,672)**
Non-controlling interests	–	194	742	(5,020)	**(608)**
	(4,690)	(11,887)	(6,150)	(33,573)	**(34,280)**

ASSETS AND LIABILITIES

	As at 31 March				
	2008	2009	2010	2011	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	26,358	46,214	66,497	62,581	**191,647**
Total liabilities	(18,223)	(28,450)	(34,632)	(15,855)	**(149,763)**
Net assets	8,135	17,764	31,865	46,726	**41,884**
Non-controlling interests	–	1,317	2,065	(2,662)	**(2,149)**

Major Properties

As at 31 March 2012

Investment property

Location	Intended use	Category of lease term	Gross floor area *(sq. m.)*	Group's interest *(%)*
Commercial units on Level 1 to 3 and 41 carparking spaces on Basement, Venice Building, No. 130 Renmin South Road, Zhongxincheng District, Leshan City, Sichuan Province, the PRC.	Commercial use	Medium	6,725.24	100

Properties held for sale

Property	Intended use	Category of lease term	Gross floor area *(sq. m.)*	Group's interest *(%)*
Residential units on Level 5 to 21, Venice Building, No. 130 Renmin South Road, Zhongxincheng District, Leshan City, Sichuan Province, the PRC.	Residential use	Medium	20,488.09	100