GREAT WORLD COMPANY HOLDINGS LTD
世大控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 8003

2013 Annual Report

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

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

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

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BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive Directors

Ms. Hui Sin Man, Alice
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

P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands, British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 6705, 67/F.,
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
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 Limited
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

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 2013.

FINANCIAL PERFORMANCE

For the year ended 31 March 2013, the Group recorded a turnover of approximately HK$963,000, representing a decrease of approximately 81.7% as compared to the turnover of approximately HK$5,273,000 for last year. Loss for the year was approximately HK$7,065,000 (2012: HK$34,280,000). The Board did not recommend the payment of any dividend for the year (2012: Nil).

BUSINESS REVIEW

The Group is principally engaged in (i) iron mine business and (ii) property business, both are operated in the People's Republic of China (the "PRC").

Iron Mine Business

The Group's iron mine business, which comprises the exploration, mining and processing of iron ore, is operated by 鳳山縣黔興礦業有限責任公司 ("Feng Shan"), an indirect wholly-owned subsidiary of the Company.

Feng Shan holds a mining right in respect of an iron mine and owns a processing factory located at Guangxi Province, the PRC. The iron mine consists of numerous small iron ore mountains and open mining method is employed on exploitation of iron ore.

Revenue from the iron mine business is below expectation due to the decline in iron ore market. Once the market situation improved, full effort will be put to develop the iron mine and increase the production of the processing factory.

Property Business

The Group 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.

The property selling and leasing programme has not been launched due to the continuing tightening of monetary policies and other measures imposed by the PRC government which restrict growth of the PRC property market. The Board expects to commence the property selling and leasing programme when the property market appears to revive.

PROSPECT

Even the property market in the PRC showed signs of recovery from the tightened control, 2012 was still a difficult year for many businesses with PRC based projects.

With improvement on global financial environment and the continuous growing per capita wealth of Chinese citizen, the Board expects an increase in iron ore consumption and a steady growth on demand in real estate market which will strengthen the Group's financial performance for the benefit of the Company and shareholders.

APPRECIATION

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

Ng Mui King, Joky
Chairman

Hong Kong, 28 June 2013

EXECUTIVE DIRECTORS

Ms. NG Mui King, Joky, aged 51, 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 71, 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 a director of Pan Air and Sea Forwarders (HK) Limited, Top Nation Shipping Limited and Profit Transports Limited.

Ms. ZENG Jieping, aged 36, 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 over 6 years of experience in marketing, finance and corporate management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. HUI Sin Man, Alice, aged 51, 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. CHUNG Koon Yan, aged 49, 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 over 20 years of experience in accounting, auditing and taxation. Currently, Mr. Chung is also an independent non-executive director of Shenzhen High-Tech Holdings Limited (stock code: 106) and Trasy Gold Ex Limited (stock code: 8063), both are listed on The Stock Exchange of Hong Kong Limited.

Mr. CHAN Ying Cheong, aged 51, 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 over 25 years of experience in banking industry.

RESULTS OF OPERATIONS

BUSINESS REVIEW

Iron mine business

For the year ended 31 March 2013, a turnover of approximately HK$963,000 was generated from the sales and processing of iron ores. The construction of the processing factory was completed and the iron mine commenced trial commercial production in August 2011. Revenue from the iron mine business is below expectation due to the decline in iron ore market. Once the market situation improved, full effort will be put to develop the iron mine and increase the production of the processing factory. There was no material change in mineral resources and/or reserves of the iron mine for the year.

Property business

The Group 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 programme has not been launched due to the continuing tightening of monetary policies and other measures imposed by the PRC government which restrict the growth of the PRC property market. The Board expects to commence the property selling and leasing programme when the property market appears to revive.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure

As at 31 March 2013, cash and bank deposits of the Group amounted to approximately HK$4,754,000, representing a decrease of 9.7% comparing with the cash and bank deposits of approximately HK$5,267,000 as at 31 March 2012. The Group's net current assets as at 31 March 2013 amounted to approximately HK$29,135,000, which comprised properties held for sale, 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 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.

The Group's gearing ratio, which was defined as the ratio of long term borrowings to total equity, was 72.9% as at 31 March 2013 (31 March 2012: 51.2%).

The increase in gearing ratio as at 31 March 2013 as compared to that of 31 March 2012 is mainly attributable to decrease in equity.

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 2013, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purpose.

Capital commitments

As at 31 March 2013, the Group had outstanding commitments in respect of capital expenditure for the construction of a property in Leshan City of approximately HK$14,117,000 (31 March 2012: HK$12,880,000).

Contingent liabilities

As at 31 March 2013, the Group did not have any material contingent liabilities (31 March 2012: Nil).

Employees and remuneration policy

As at 31 March 2013, the Group had approximately 17 employees (31 March 2012: 45 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 PRACTICES

The board of directors (the "Board") of Great World Company Holdings Ltd (the "Company") has been committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group") in order to enhance the transparency in disclosure of material information. The Board considers such commitment is essential for internal management, financial management and protection of shareholders' interest and believes that maintaining a high standard of corporate governance benefits all shareholders, investors and the business of the Company as a whole. 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 2013.

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 2013.

BOARD OF DIRECTORS

The Board is responsible for reviewing, evaluating and finalising the Company's strategies and policies, annual budgets, business plans and performance, and has full access to adequate, reliable and timely information on the Group so as to enable them to make a timely decision. The Board also has the collective responsibility for leadership and control of, and for promoting the success of, the Group by directing and supervising the Group's affairs.

One of the roles of the Board is to protect and enhance shareholders' interests. The Board acts with integrity and due care for the best interests of the Company and its shareholders. Leading the Group in a responsible and effective manner, the Board adopts formal terms of reference which detail its functions and responsibilities, including, but not limited to, ensuring competent management, approving objectives, strategies and business plans and monitoring integrity in the Company's conduct of affairs. The management is obliged to supply the Board with adequate information in a timely manner to enable the members to make informed decisions and to discharge their duties and responsibilities. Each director has separate and independent access to the Group's senior management to acquire more information and to make further enquiries if necessary.

The Board is also responsible for performing the corporate governance duties of the Company. The duties of the Board on corporate governance functions include developing and reviewing the Group's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management and reviewing the Group's compliance with the CG Code and disclosure in this Corporate Governance Report.

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 three independent non-executive Directors, namely Ms. Hui Sin Man, Alice, Mr. Chung Koon Yan and Mr. Chan Ying Cheong.

Each director has different professional and industrial experience, which enable them to make valuable and diversified advice and guidance to the Group's activities and development. Details of the background and qualifications of the directors of the Company are set out on page 5 of this annual report. The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Candidates to be nominated as directors of the Company are experienced, high calibre individuals. Under the Articles of Association of the Company, any Director appointed by the Board shall hold office until the first annual general meeting after his/her appointment and shall then be subject to re-election by the shareholders. Apart from this, every Director is subject to retirement by rotation at least once every three years.

During the year ended 31 March 2013, the Board held a total of 11 board meetings, inclusive of the quarterly regular meetings according to the CG Code. The attendance of each director is set out on page 11.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Ms Ng Mui King, Joky was appointed as the Chairman of the Company in 2007. The primary role of the Chairman is to provide leadership for the Board and to ensure that the Board works effectively in the discharge of its responsibilities. The Chief Executive Officer is responsible for the day-to-day management of the Group's business. The Company is currently seeking right candidates for Chief Executive Officer so as to achieve a balance composition.

BOARD COMMITTEES

The Board has established three committees in accordance with the CG Code, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. These committees are provided with sufficient resources to discharge their duties and are able to seek independent professional advice when appropriate and upon request. Details of these committees, including their compositions, major responsibilities and functions, and work performed during the year ended 31 March 2013 are set out below:

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 Audit Committee meets with the Group's senior management regularly to review the effectiveness of the internal control systems and the interim and annual reports of the Group.

The primary responsibilities of the Audit Committee are:

(i) making recommendation to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor and any resignation and dismissal of that auditor;

(ii) reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standard;

(iii) liaising with the Board, senior management and the auditors to monitor the integrity of financial statements, the interim and annual reports in particular on accounting policies and practices and compliance with accounting standards, the Listing Rules and other legal requirements in relation to financial reporting;

(iv) reviewing the financial control, internal control and risk management system to ensure the management of the Company discharges its duty under an effective internal control system; and

(v) reviewing the report and management letter submitted by external auditors; and considering any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response.

For the year ended 31 March 2013, 4 audit committee meetings were held to review the financial results, the accounting policies and practices adopted, the report issued by an independent professional firm on reviewing the financial system and internal control procedures of the Group for the year. The attendance of each committee member is set out on page 11.

Remuneration Committee

The Remuneration Committee currently comprises one executive Director, namely Ms. Ng Mui King, Joky and two independent non-executive Directors, namely Ms. Hui Sin Man, Alice (chairman of the remuneration committee) and Mr. Chan Ying Cheong. It reviews and determines the policy for the remuneration of directors and senior management of the Group.

The primary responsibilities of the Remuneration Committee are:

(i) conducting regular review of the remuneration policy of Group's directors and senior management;

(ii) making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing such remuneration policy;

(iii) making recommendation to the Board on remuneration packages of the Company's directors;

(iv) determining remuneration packages of senior management proposed by the directors of the Company that will attract, motivate and retain the competent staff;

(v) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(vi) reviewing and approving compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment or any compensation arrangements relating to dismissal or removal of director for misconduct; and

(vii) recommending the Board of the structure of long-term incentive plans for executive directors and certain senior management.

During the year ended 31 March 2013, 1 remuneration committee meeting was held to review the remuneration package of the Directors and the senior management of the Company. The attendance of each committee member is set out on page 11.

Nomination Committee

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 primary responsibilities of the Nomination Committee are:

(a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) identifying and nominating for approval of the Board suitably qualified candidates as additional directors or to fill Board vacancies as they arise;

(c) making recommendations to the Board with respect to the re-election by shareholders of any Director under the relevant provisions in the Company's Articles of Association;

(d) assessing the independence of the candidates in the case of appointment and re-appointment of independent non-executive Directors having regard to relevant guidelines or requirements of the GEM Listing Rules in place from time to time; and

(e) assessing the independence of independent non-executive Directors on an annual basis having regard to relevant guidelines or requirements of the GEM Listing Rules in place from time to time.

1 meeting was held by the Nomination Committee during the year ended 31 March 2013 to review the composition of the Board. The attendance of each committee member is set out below.

DIRECTORS' ATTENDANCE AT GENERAL MEETING(S) AND BOARD AND COMMITTEE MEETINGS

The following table shows the attendance of Directors at general meetings and meetings of the Board and Board Committees during the year ended 31 March 2013:

	General Meetings	Board Meetings	Meetings of Audit Committee	Meeting of Remuneration Committee	Meeting of Nomination Committee
Executive Directors:					
Ms. Ng Mui King, Joky	2/2	11/11	N/A	1/1	1/1
Mr. Tong Wang Shun	2/2	11/11	N/A	N/A	N/A
Ms. Zeng Jieping	2/2	11/11	N/A	N/A	N/A
Independent Non-executive Directors:					
Ms. Hui Sin Man, Alice	2/2	7/11	4/4	1/1	N/A
Mr. Chung Koon Yan	2/2	7/11	4/4	N/A	1/1
Mr. Chan Ying Cheong	2/2	7/11	4/4	1/1	1/1

DELEGATION BY THE BOARD

The Board is responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored. The Board reserves the right to decide all policy matters of the Group and material transactions. The Board delegates the day-to-day operations to senior staff that are responsible for different aspects of the operations of the Group.

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance coverage in respect of legal action against the Directors in compliance with the CG Code. The insurance coverage is reviewed on an annual basis.

Training and Support for Directors

Each newly appointed Director shall receive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company. The Company will also arrange and provide support for suitable training, placing an appropriate emphasis on the roles, functions and duties of its Directors. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. A form has been provided to the Directors to assist them to record training information for reporting to the Company as confirmation of training undertaken. The training information indicate that the Directors have received training and/or materials on corporate governance, inside information and other relevant topics.

ACCOUNTABILITY AND AUDIT

The Board is responsible to ensure the preparation of the financial statements of the Company and the Group is in accordance with the relevant statutory requirements and applicable accounting standards and to ensure the published financial statements should be issued in a timely manner and can provide a true and fair view of the business and financial information of the Group. In preparing the financial statements, the Board has adopted Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong and the disclosure requirement of the Hong Kong Companies Ordinances that are relevant to its operations.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Board has prepared the financial statements on a going concern basis.

The responsibilities of the external auditors on financial reporting are set out in the Independent Auditor's Report on the Group's consolidated financial statements for the year ended 31 March 2013.

The Board has conducted a review of the effectiveness of the Group's internal control system for the purpose of compliance with the provision of the CG Code with an aim to provide reasonable, but not absolute, assurance against material misstatements, errors, losses or fraud, and to manage rather than eliminate risks of failure in achieving the Group's business objectives.

AUDITORS' REMUNERATION

Remuneration paid and payable to the auditors of the Company in respect of their services for the year ended 31 March 2013 are as follows:

Services rendered	HK$'000
Audit services	330
Other services	370

The non-audit related services mainly consist of reviewing services and the preparation of the accountants' report on unaudited pro forma financial information for a circular relating to very substantial disposal.

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 helped to identify any significant areas of concern and made recommendations to the Board accordingly.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting and to put forward proposals at Shareholders' meeting

Any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-twentieth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board of the Company by mail at Suite 6705, 67/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting on the date not more than 28 days after the date on which the notice convening the meeting is given, the requisitionist(s) him/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the secretary of the Company by mail at Suite 6705, 67/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the relevant executive officer of the Company.

INVESTOR RELATIONS

Communication with Shareholders

The Company believes in regular and timely communication with shareholders as part of its efforts to help shareholders understand its business better and the way the Company operates. To promote effective communication with the public at large, the Company maintains a website (www.gwchl.com) on which comprehensive information about the Company's major businesses, financial information and announcements, annual, quarterly and interim reports and shareholders circulars are being made available.

The Board is endeavour to maintain an on-going dialogue with shareholders. The chairman of the Board and members of the Board Committees will attend the annual general meeting to answer questions.

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 2013.

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 2013 are set out in the Consolidated Income Statement on page 24.

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 28.

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 97.

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 on the basis of their merit, qualifications and competence and has been reviewed by the remuneration committee.

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

Adoption of new share option scheme

The Company had adopted a share option scheme at the annual general meeting of the Company held on 2 August 2002 (the "2002 Share Option Scheme") which was valid and effective for a period of 10 years and had expired on 2 August 2012.

In order to enable the continuity of share option available to be granted by the Company, an ordinary resolution had been proposed to and passed by the shareholders at the annual general meeting of the Company held on 3 August 2012 to adopt a new share option scheme (the "2012 Share Option Scheme") upon the termination of the 2002 Share Option Scheme.

The purpose of the 2012 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, any of its subsidiaries or any invested entity; (ii) any holder of legal or beneficial title of any securities issued by any member of the Group or any invested entity; (iii) any business or joint venture partner, contractor, subcontractor, agent, sub-agent of the Group or any invested entity; (iv) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional services to any member of the Group or any invested entity; and (v) any supplier of goods or services, customer or distributor of the Group or any invested entity, 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 2012 Share Option Scheme is valid for a period of 10 years commencing on 3 August 2012. 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 2012 Share Option Scheme must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the 2012 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 or any of their respective associates 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 maximum number of shares which may be issued upon exercise of all options granted and yet to be exercised under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time.

As at 31 March 2013, no option had been granted under the 2012 Share Option Scheme.

2002 Share Option Scheme

The 2002 Share Option Scheme had expired on 2 August 2012. The following share options, which were granted under the 2002 Share Option Scheme but not yet exercised before the expiry of the 2002 Share Option Scheme, were lapsed automatically on the same date and shall not be exercisable.

Grantee	Date of grant	Exercise price *HK$*	Exercise period	Lapsed on 2 August 2012
Directors				
Ms. Ng Mui King, Joky	29/2/2008	0.23925	29/2/2008 to 2/8/2012	450,667
Ms. Hui Sin Man, Alice	29/2/2008	0.23925	29/2/2008 to 2/8/2012	450,667
Employee	29/2/2008	0.23925	29/2/2008 to 2/8/2012	4,506,667
Total				5,408,001

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 2013.

INTERESTS OF DIRECTORS

As at 31 March 2013, 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**	**Approximate percentage of the issued share capital of the Company**
Ms. Ng Mui King, Joky	—	337,920,000 *(Note)*	337,920,000	29.97%

Note: 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..

Save as disclosed above, as at 31 March 2013, 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 2013, 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 or were recorded in the register required to be kept by the Company pursuant to section 336 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	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 ("Mr. Huang") has a total interest in 324,200,000 shares, of which (i) 155,000,000 shares were allotted to Mr. Huang on 15 August 2011 as partial consideration for the acquisition of 100% equity interest in a company wholly-owned by Mr. Huang; and (ii) 169,200,000 shares relate to Mr. Huang's 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 2013	Number of underlying shares	Approximate percentage of the issued share capital of the Company
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 of this report, 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.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, 100% of the Group's turnover was attributable to two customers of which the largest one accounted for approximately 92.6% of the Group's turnover.

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

None of the Directors, their associates or any substantial shareholders of the Company had an interest in the major customers of the Group.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 March 2013 were audited by HLB Hodgson Impey Cheng Limited.

The consolidated financial statements of the Group for the year ended 31 March 2012 were audited by HLB Hodgson Impey Cheng, which was reorganised as HLB Hodgson Impey Cheng Limited. HLB Hodgson Impey Cheng was 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.

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

The term of office of HLB Hodgson Impey Cheng Limited will expire upon the forthcoming annual general meeting. A resolution for the re-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.

On behalf of the Board

Ng Mui King, Joky
Chairman

Hong Kong, 28 June 2013

Independent Auditors' Report

國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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 24 to 96, which comprise the consolidated and the company statements of financial position as at 31 March 2013, 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.

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 2013, 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.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 28 June 2013

Consolidated Income Statement

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Continuing operations			
Turnover	5(a)	**963**	5,273
Cost of sales		**(549)**	(5,855)
Gross profit/(loss)		**414**	(582)
Other revenue	5(b)	**26**	14
Gain on bargain purchase of subsidiaries	33	**–**	4,823
Gain/(loss) arising on change in fair value of investment property	17	**6,734**	(876)
Loss on written off of property, plant and equipment		**(394)**	(1,347)
Impairment loss recognised in respect of goodwill		**–**	(11,073)
Impairment loss recognised in respect of intangible asset		**–**	(679)
Selling and distribution costs		**(725)**	(1,716)
Administrative and other operating expenses		**(11,235)**	(13,931)
Finance costs	7	**(2,416)**	(1,358)
Loss before tax		**(7,596)**	(26,725)
Income tax (expense)/credit	9	**(1,907)**	598
Loss for the year from continuing operations	8	**(9,503)**	(26,127)
Discontinued operation	10		
Profit/(loss) for the year from discontinued operation		**2,438**	(8,153)
Loss for the year		**(7,065)**	(34,280)
(Loss)/profit for the year attributable to owners of the Company			
from continuing operations		**(9,503)**	(26,127)
from discontinued operation		**2,002**	(7,545)
		(7,501)	(33,672)
Profit/(loss) for the year attributable to non-controlling interests			
from continuing operations		**–**	–
from discontinued operation		**436**	(608)
		436	(608)
		(7,065)	(34,280)
(Loss)/earnings per share	14		
From continuing and discontinued operations			
Basic and diluted		**HK(0.66) cents**	HK(3.15) cents
From continuing operations			
Basic and diluted		**HK(0.84) cents**	HK(2.44) cents
From discontinued operation			
Basic and diluted		**HK0.18 cents**	HK(0.71) cents

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

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
Loss for the year	**(7,065)**	(34,280)
Other comprehensive income:		
Exchange differences arising on translation of foreign operations		
– Exchange differences arising during the year	**1,101**	1,619
– Reclassification adjustments relating to foreign operations disposed of during the year	**(5,097)**	–
	(3,996)	1,619
Total comprehensive loss for the year	**(11,061)**	(32,661)
Total comprehensive (loss)/income attributable to:		
Owners of the Company	**(11,395)**	(33,174)
Non-controlling interests	**334**	513
	(11,061)	(32,661)

Consolidated Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	16	**5,027**	4,896
Investment property	17	**73,286**	67,830
Goodwill	18	**–**	–
Other intangible asset	19	**–**	–
Interest in an associate	20	**–**	–
Deferred tax assets	30	**2,416**	2,986
		80,729	75,712
Current assets			
Properties held for sale	23	**93,556**	99,012
Inventories	24	**–**	29
Trade and other receivables	25	**1,886**	1,865
Cash and bank deposits	26	**4,754**	5,267
		100,196	106,173
Assets of disposal group classified as held for sale	11	**–**	9,762
		100,196	115,935
Current liabilities			
Trade and other payables	27	**(18,905)**	(30,385)
Amounts due to directors	28	**(2,729)**	(2,604)
Amount due to a shareholder	28	**–**	(19,874)
Amounts due to related companies	28	**(49,427)**	(42,539)
		(71,061)	(95,402)
Liabilities of disposal group classified as held for sale	11	**–**	(9,270)
		(71,061)	(104,672)
Net current assets		**29,135**	11,263
Non-current liabilities			
Amount due to a shareholder	28	**(28,174)**	–
Convertible note	29	**(23,788)**	(21,429)
Deferred tax liabilities	30	**(25,264)**	(23,662)
		(77,226)	(45,091)
Net assets		**32,638**	41,884
Capital and reserves			
Share capital	31	**112,763**	112,763
Reserves	32(a)	**(80,125)**	(68,730)
Equity attributable to owners of the Company		**32,638**	44,033
Non-controlling interests		**–**	(2,149)
Equity		**32,638**	41,884

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 June 2013 and signed on its behalf by:

NG Mui King, Joky
Director

ZENG Jieping
Director

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

Statement of Financial Position

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	16	**375**	5
Investments in subsidiaries	21	**20**	20
Amounts due from subsidiaries	22	**52,567**	90,485
Amount due from a shareholder	28	**632**	–
		53,594	90,510
Current assets			
Trade and other receivables	25	**321**	498
Amount due from a subsidiary	22	**25,031**	–
Amount due from a shareholder	28	**–**	8,933
Cash and bank deposits	26	**734**	146
		26,086	9,577
Current liabilities			
Trade and other payables	27	**(2,125)**	(1,153)
Amounts due to directors	28	**(2,729)**	(2,604)
Amounts due to subsidiaries	22	**(68)**	(65)
		(4,922)	(3,822)
Net current assets		**21,164**	5,755
Non-current liabilities			
Convertible note	29	**(23,788)**	(21,429)
Deferred tax liabilities	30	**(1,659)**	(2,048)
		(25,447)	(23,477)
Net assets		**49,311**	72,788
Capital and reserves			
Share capital	31	**112,763**	112,763
Reserves	32(b)	**(63,452)**	(39,975)
Equity		**49,311**	72,788

The financial statements were approved and authorised for issue by the board of directors on 28 June 2013 and signed on its behalf by:

NG Mui King, Joky
Director

ZENG Jieping
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'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$'000	Non-controlling interests HK$'000	Total HK$'000
At 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 and 1 April 2012	**112,763**	**125,624**	**6,430**	**385**	**3,808**	**6,801**	**314**	**(212,092)**	**44,033**	**(2,149)**	**41,884**
Total comprehensive (loss)/income for the year	**-**	**-**	**-**	**-**	**-**	**(3,894)**	**-**	**(7,501)**	**(11,395)**	**334**	**(11,061)**
Share options lapsed	**-**	**-**	**-**	**(385)**	**-**	**-**	**-**	**385**	**-**	**-**	**-**
Release on non-controlling interests on disposal of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,815**	**1,815**
Transfer of PRC statutory reserves on disposal of subsidiaries	**-**	**-**	**-**	**-**	**(3,808)**	**-**	**-**	**3,808**	**-**	**-**	**-**
At 31 March 2013	**112,763**	**125,624**	**6,430**	**-**	**-**	**2,907**	**314**	**(215,400)**	**32,638**	**-**	**32,638**

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
Loss before tax from continuing operations		**(7,596)**	(26,725)
Profit/(loss) before tax from discontinued operation		**2,438**	(8,153)
Adjustments for:			
Interest income	*5(b)*	**(20)**	(19)
Finance costs	*7*	**2,416**	1,358
Depreciation and amortisation	*16*	**586**	498
Share of result of associate		**–**	3,704
Impairment loss recognised in respect of goodwill		**–**	11,073
Impairment loss recognised in respect of intangible asset		**–**	679
Loss on written off of property, plant and equipment	*16*	**394**	1,347
Reversal of impairment loss on trade receivables		**–**	(2,532)
Write-down of obsolete inventories		**505**	99
Gain on disposal of subsidiaries	*34*	**(694)**	–
(Gain)/loss arising on change in fair value of investment property		**(6,734)**	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 of subsidiaries	*33*	**–**	(4,823)
Operating cash flows before movements in working capital		**(8,705)**	(15,756)
Payments for construction cost of investment property		**(1,306)**	(3,353)
Payments for construction cost of properties held for sales		**(3,977)**	(10,215)
Increase in inventories		**(476)**	(108)
(Increase)/decrease in trade and other receivables		**(21)**	13,267
Increase in trade and other payables		**7,699**	10,810
Increase/(decrease) in amount due to a shareholder		**8,300**	(8,565)
Increase in amounts due to directors		**125**	2,328
Increase in amounts due to related companies		**1,748**	5,412
Cash generated from/(used in) operations		**3,387**	(6,180)
Tax refunded		**–**	274
Net cash generated from/(used in) operating activities		**3,387**	(5,906)
Cash flows from investing activities			
Interest received on bank deposits		**20**	19
Purchases of property, plant and equipment		**(1,047)**	(3,694)
Disposal of subsidiaries, net of cash disposed of	*34*	**(1,609)**	–
Acquisition of subsidiaries, net of cash acquired	*33*	**–**	(6,098)
Net cash used in investing activities		**(2,636)**	(9,773)
Cash flows from financing activity			
Interest paid		**(57)**	–
Net cash used in financing activity		**(57)**	–

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Net increase/(decrease) in cash and cash equivalents		**694**	(15,679)
Cash and cash equivalents at beginning of the year		**5,934**	21,695
Effect of foreign exchange rate changes		**(1,874)**	(82)
Cash and cash equivalents at end of the year		**4,754**	5,934
Analysis of cash and cash equivalents			
Cash and bank deposits	*26*	**4,754**	5,267
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		**4,754**	5,934

As at 31 March 2013, the Group had cash and bank deposits denominated in Renminbi of approximately HK$4,421,000 (2012: HK$5,086,000). 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.

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 notes 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 2012.

Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets
Amendments to HKFRS 7	Disclosures – Transfer of Financial Assets

The application of the above revised HKFRSs in the current year has had no material effect on the amounts reported and/or disclosures set out in these 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:

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (Revised)	Employee Benefits[2]
HKAS 27 (Revised)	Separate Financial Statements[2]
HKAS 28 (Revised)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle Issued in June 2012[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]

1 Effective for annual period beginning on or after 1 July 2012
2 Effective for annual period beginning on or after 1 January 2013
3 Effective for annual period beginning on or after 1 January 2014
4 Effective for annual period beginning on or after 1 January 2015

The directors of the Company have commenced their assessment of the impact of the above new and revised standards, amendments and interpretations, but it is not yet in a position to state whether these new and revised standards, amendments and interpretations, would have a material impact on the results and the 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.

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

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

All intra-group transactions, balances, income and expenses are eliminated 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 attributed 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 existing 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 the consolidated income statement as incurred.

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

- 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;

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Business combinations (continued)

- 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.

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 the consolidated income statement as gain on bargain purchase.

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. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

(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 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) Associate

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 the associate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Associate (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised as goodwill, which is included within the carrying amount of the investment. 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 the consolidated income statement.

The requirements of HKAS 39 Financial Instruments: Recognition and Measurement 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 Impairment of Assets 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.

The Group as lessee

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 the consolidated income statement 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 (attributed to non-controlling interests as appropriate).

(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 the consolidated income statement 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.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" 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

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. Such 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 and deferred tax for the year

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 the consolidated income statement 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 the consolidated income statement 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 accumulated impairment, if any. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over the useful economic lives. The estimated useful life and the amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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 of tangible and intangible assets other than goodwill**

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 the consolidated income statement.

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

(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, amounts due to related companies and convertible note 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

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) Employee benefits

Bonuses

The Group recognises as a liability for bonuses when there is a contractual obligation and the amount can be estimated reliably.

Retirement benefit obligations

Payments to Mandatory Provident Fund Scheme (the "MPF Scheme"), government-managed retirement benefits schemes and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK$25,000 (HK$20,000 prior to 1st June 2012). The Group's contributions to the scheme are expensed as incurred are vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

The employees employed by the Group's subsidiaries in People's Republic of China (the "PRC") are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is made the specified contributions under the schemes.

Share-based payment expenses

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 under the heading of "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 the consolidated income statement 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 the Group's parent.

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. (which means that each parent, subsidiary and fellow subsidiary is related to the other).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) both entites 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).

(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).

Close family members of a person are those family members who may be expected to influence, or to be influenced by, that person in their dealings with 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 KEY SOURCES OF ESTIMATION UNCERTAINTY

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 accounting judgements

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 KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(a) Critical accounting judgements (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. The carrying amount of goodwill as at 31 March 2013 and 2012 were nil. Detail of the impairment loss 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. The carrying amount of intangible asset as at 31 March 2013 and 2012 were nil. Details of the impairment loss 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 2013 at its fair value of approximately of HK$73,286,000. 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 KEY SOURCES OF ESTIMATION UNCERTAINTY (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 2013, the carrying amount of inventories was nil (2012: approximately HK$29,000 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, and processing income for the year.

	2013 ***HK$'000***	2012 *HK$'000*
Continuing operations		
Sales of goods	**71**	5,273
Processing income	**892**	–
	963	5,273

(b) Other revenue

	2013 ***HK$'000***	2012 *HK$'000*
Continuing operations		
Bank interest income	**20**	14
Other revenue	**6**	–
	26	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.

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

2013

	Iron mine business *HK$'000*	Property business *HK$'000*	Total *HK$'000*
Continuing operations			
Revenue from external customers	963	–	963
Interest income	1	19	20
Depreciation	(456)	(6)	(462)
Loss on written off of property, plant and equipment	(138)	–	(138)
Write down of obsolete inventories	(505)	–	(505)
Fair value change on investment property	–	6,734	6,734
Total (loss)/profit of reportable segments	(2,488)	5,541	3,053
Income tax expense	–	(2,296)	(2,296)
Total assets of reportable segments	7,164	172,242	179,406
Additions to non-current assets	(279)	(1,306)	(1,585)
Total liabilities of reportable segments	(5,354)	(84,390)	(89,744)

6. **SEGMENT INFORMATION** (continued)

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

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)

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

	2013 HK$'000	2012 HK$'000
Continuing operations		
Revenue		
Total revenue for reportable segments	**963**	5,273
Consolidated turnover	**963**	5,273
Profit or loss		
Total profit/(loss) for reportable segments	**3,053**	(19,381)
Unallocated corporate income	**–**	4,823
Unallocated corporate expenses	**(10,649)**	(12,167)
Consolidated loss before tax	**(7,596)**	(26,725)
Assets		
Total assets for reportable segments	**179,406**	180,137
Unallocated corporate assets	**1,519**	1,748
Assets relating to discontinued operation	**–**	9,762
Consolidated total assets	**180,925**	191,647
Liabilities		
Total liabilities for reportable segments	**(89,744)**	(93,304)
Unallocated corporate liabilities	**(58,543)**	(47,189)
Liabilities relating to discontinued operation	**–**	(9,270)
Consolidated total liabilities	**(148,287)**	(149,763)

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 customers; 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 customers		Specified non-current assets	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
PRC	**963**	5,273	**77,938**	72,721
Hong Kong	**–**	–	**375**	5
	963	5,273	**78,313**	72,726

(d) Information about major customers

Revenue from customers in the corresponding years contributing over 10% of the total sales of the Group from the iron mine business is as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A	**71**	5,273
Customer B	**892**	–

7. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
Effective interest expenses on convertible note	**2,359**	1,358
Interest expenses on other borrowings wholly repayable within five years	**57**	–
	2,416	1,358

8. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

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

	2013 HK$'000	2012 HK$'000
Continuing operations		
Staff costs (including directors' remuneration)		
– salaries and other benefits	**4,330**	5,740
– contributions to defined contribution retirement benefit schemes	**157**	169
	4,487	5,909
Other items		
– inventories recognised as an expense	**51**	4,592
– write-down of obsolete inventories	**505**	99
Auditors' remuneration		
– audit service	**330**	330
– other services	**370**	475
Amortisation of intangible asset	**–**	123
Depreciation of property, plant and equipment	**586**	375
Operating lease charges in respect of land and buildings	**1,244**	587
Loss on written off of property, plant and equipment	**394**	1,347
Impairment loss recognised in respect of goodwill	**–**	11,073
Impairment loss recognised in respect of other intangible asset	**–**	679

9. INCOME TAX EXPENSE/(CREDIT)

	2013 HK$'000	2012 HK$'000
Continuing operations		
Current tax:		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax	**–**	–
Deferred tax *(note 30)*	**1,907**	(598)
Income tax expense/(credit) for the year	**1,907**	(598)

9. INCOME TAX EXPENSE/(CREDIT) (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 2013 and 2012 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:

	2013 ***HK$'000***	2012 *HK$'000*
Continuing operations		
Loss before tax from continuing operations	**(7,596)**	(26,725)
Notional tax on loss before tax calculated at the tax rates applicable to jurisdictions concerned	**(994)**	(6,057)
Tax effect of income not taxable	**(1)**	(908)
Tax effect of expenses not deductible and losses not allowable	**1,975**	4,121
Tax effect of temporary differences not recognised	**16**	2,460
Tax effect of utilisation of losses previously not recognised	**–**	(214)
Effect on deferred tax assets from origination and reversal of temporary difference	**911**	–
Income tax expense/(credit) for the year	**1,907**	(598)

10. Discontinued operation

Telecommunications business

On 15 May 2012, the Company disposed of the entire issued share capital of China Bond Technology Limited ("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); China Bond and its subsidiary (the "China Bond Group") then ceased to be subsidiaries of the Company.

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

Profit/(loss) for the year from discontinued operation

	2013 ***HK$'000***	2012 *HK$'000*
Turnover	**–**	–
Cost of sales	**–**	–
Gross profit	**–**	–
Other revenue and other income	**3,477**	2,537
Administrative and other operating expenses	**(1,733)**	(133)
Share of result of associate	**–**	(3,704)
Profit/(loss) before tax	**1,744**	(1,300)
Income tax	**–**	–
Profit/(loss) for the year	**1,744**	(1,300)
Loss on remeasurement to fair value less costs to sell	**–**	(6,853)
Gain on disposal of telecommunications business (including reclassification of translation reserve of approximately HK$4,988,000 from equity to profit and loss on disposal of the operation)	**694**	–
	2,438	(8,153)

10. DISCONTINUED OPERATION (continued)

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

	2013 HK$'000	2012 HK$'000
Bank interest income	**1**	5
Reversal of impairment loss in respect of trade receivables	**1,462**	2,532
Impairment loss recognised in respect of trade payables	**(23)**	–
Impairment loss recognised in respect of other payables	**(1,731)**	–
Operating lease charges in respect of land and buildings	**–**	(21)
Write-off of trade and other payables	**2,038**	–
The cash flows from discontinued operation are as follows:		
Net cash generated from (used in) operating activities	**939**	(832)
Net cash generated from investing activity	**760**	5
Net cash generated from financing activities	**537**	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 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)

Note:

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).*

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

(a) Directors' remuneration

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

2013

	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	–	14	614
Mr. Tong Wang Shun	382	–	–	382
Ms. Zeng Jieping	240	–	12	252
Non-executive director:				
Mr. Pong Shing Ngai*	96	–	2	98
Independent non-executive directors:				
Ms. Hui Sin Man, Alice	120	–	2	122
Mr. Chung Koon Yan	120	–	2	122
Mr. Chan Ying Cheong	120	–	2	122
	1,678	–	34	1,712

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

Mr. Pong Shing Ngai passed away on 16 January 2013.

** The chief executive officer of the Company remains vacant.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' remuneration (continued)

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

During the year ended 31 March 2013 and 2012, no director waived any emoluments.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (continued)

(b) Of the 5 individuals with the highest emoluments in the Group, 3 (2012: 4) are the directors of the Company whose emoluments are set out above. The emoluments of the remaining 2 (2012: 1) non-director highest paid individual is as follows:

	2013	2012
	HK$'000	*HK$'000*
Salaries and other benefits	**790**	520
Retirement benefit scheme contributions	**14**	12
	804	532

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

	Number of individual	
	2013	2012
Within HK$1,000,000	**2**	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 (2012: Nil).

13. DIVIDEND

No dividend has been paid nor proposed for the year (2012: Nil).

14. (LOSS)/EARNINGS 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:

	2013	2012
	HK$'000	*HK$'000*
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	**7,501**	33,672

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:

	2013	2012
	HK$'000	*HK$'000*
Loss figures are calculated as follows:		
Loss for the year attributable to owners of the Company	**7,501**	33,672
Less: profit/(loss) for the year from the discontinued operation	**2,002**	(7,545)
Loss from continuing operations for the purpose of calculating basic and diluted loss per share	**9,503**	26,127

	2013	2012
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,127,628**	1,069,875

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 2013 and 31 March 2012.

14. (LOSS)/EARNINGS PER SHARE (continued)

From discontinued operation

Basic and diluted earnings per share from the discontinued operation is HK$0.18 cents per share (2012: loss per share of HK$0.71 cents) is arrived at based on the profit for the year from the discontinued operation of approximately HK$2,002,000 (2012: loss for the year from discontinued operation of HK$7,545,000) 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$23,477,000 (2012: HK$11,016,000) 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:

	2013 ***HK$'000***	2012 *HK$'000*
Amount of consolidated loss attributable to equity owners dealt with in the Company's financial statements	**23,477**	11,016
Company's loss for the year *(note 32(b))*	**23,477**	11,016

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 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 and 1 April 2012	183	–	3,481	2,115	982	6,761
Additions	194	671	103	–	79	1,047
Eliminated on written off	–	(214)	(42)	(287)	–	(543)
Disposal of subsidiaries	–	–	(1)	(1)	–	(2)
Exchange adjustments	4	–	42	24	14	84
At 31 March 2013	381	457	3,583	1,851	1,075	7,347
Accumulated depreciation:						
At 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 and 1 April 2012	183	–	1,044	638	–	1,865
Depreciation provided for the year	3	114	312	157	–	586
Eliminated on written off	–	–	–	(149)	–	(149)
Disposal of subsidiaries	–	–	(1)	(1)	–	(2)
Exchange adjustments	3	–	12	5	–	20
At 31 March 2013	189	114	1,367	650	–	2,320
Carrying amounts:						
At 31 March 2013	**192**	**343**	**2,216**	**1,201**	**1,075**	**5,027**
At 31 March 2012	–	–	2,437	1,477	982	4,896

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Leasehold improvements *HK$'000*	Furniture and equipment *HK$'000*	Total *HK$'000*
Cost:			
At 1 April 2011	50	131	181
Disposals	(50)	(18)	(68)
At 31 March 2012 and 1 April 2012	–	113	113
Additions	671	77	748
Eliminated on written off	(214)	(42)	(256)
At 31 March 2013	457	148	605
Accumulated depreciation:			
At 1 April 2011	34	98	132
Depreciation provided for the year	8	25	33
Eliminated on disposals	(42)	(15)	(57)
At 31 March 2012 and 1 April 2012	–	108	108
Depreciation provided for the year	114	8	122
At 31 March 2013	114	116	230
Carrying amounts:			
At 31 March 2013	**343**	**32**	**375**
At 31 March 2012	–	5	5

17. INVESTMENT PROPERTY

	HK$'000
Fair Value	
1 April 2011	–
Acquired on acquisition of subsidiaries *(note 33)*	64,787
Additions	3,353
Net decrease in fair value recognised in the consolidated income statement	(876)
Exchange adjustments	566
At 31 March 2012 and 1 April 2012	67,830
Adjustments to construction costs	(3,553)
Additions	1,306
Net increase in fair value recognised in the consolidated income statement	6,734
Exchange adjustments	969
At 31 March 2013	**73,286**

The fair value of the Group's investment property at 31 March 2013 and 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 2013 and 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:

	2013 ***HK$'000***	2012 *HK$'000*
Investment property in the PRC, held under medium-term lease	**73,286**	67,830

18. GOODWILL

	2013 HK$'000	2012 HK$'000
Cost:		
At 1 April	**11,206**	10,798
Exchange adjustments	**158**	408
At 31 March	**11,364**	11,206
Accumulated impairment:		
At 1 April	**11,206**	–
Impairment losses recognised during the year	**–**	11,073
Exchange adjustments	**158**	133
	11,364	11,206
Carrying amounts:		
At 31 March	**–**	–

Impairment testing of goodwill as at 31 March 2012

For the purpose of impairment testing, goodwill acquired through business combination had 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 recoverable amount of the CGU was determined based on value-in-use calculation. Value-in-use calculation was 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 were extrapolated using a steady 3% growth rate. This growth rate did not exceed the average long-term growth rate for the relevant industry. The discount rates applied to the cash flow projections was 19.74% per annum.

Other key assumptions for the value-in-use calculation relate to the estimation of cash inflows/outflows which included future iron price, production rate and gross margins. Such estimation was based on the estimation provided by management. As a result of the significant decrease of iron price in international market, the directors of the Company were in the opinion that the iron ore market price was 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 was significantly above its recoverable amount, accordingly, the Group impaired its CGU to which the goodwill was allocated by HK$11,073,000 in the consolidated income statement for the year ended 31 March 2012.

19. OTHER INTANGIBLE ASSET

The Group

	Mining right	
	2013	2012
	HK$'000	*HK$'000*
Cost:		
At 1 April	**1,248**	1,203
Exchange adjustments	**18**	45
At 31 March	**1,266**	1,248
Accumulated amortisation and impairment:		
At 1 April	**1,248**	421
Amortisation provided for the year	**–**	123
Impairment loss recognised during the year	**–**	679
Exchange adjustments	**18**	25
At 31 March	**1,266**	1,248
Carrying amount:		
At 31 March	**–**	–

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 as at 31 March 2012 and reviewed as at 31 March 2013, no adjustment would be made to the accumulated impairment loss.

20. INTEREST IN AN ASSOCIATE

The Group

	2013 *HK$'000*	2012 *HK$'000*
Cost of investment in an associate, unlisted	–	13,833
Share of net assets	–	2,115
	–	15,948
Interest in an associate reclassified as assets held for sale *(note 11)*	–	(15,948)
At 31 March	–	–

Particulars of the Group's associate as at 31 March 2012 were 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% (disposed of on 15 May 2012)	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 the year ended 31 March 2012 and for the period from 1 April 2012 to 15 May 2012 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 up to the date of the Disposal in respect of the Group's associate, which was disposed of on 15 May 2012, is set out below:

	2013 HK$'000	2012 HK$'000
Results		
Turnover for the period/year	**1,800**	59,183
Profit/(loss) for the period/year	**12**	(8,643)
Group's share of loss for the period/year (2012: after share of tax expense of approximately HK$2,499,000)	**–**	(3,704)
Financial position		
Total assets	**N/A**	84,243
Total liabilities	**N/A**	(47,034)
Net assets	**N/A**	37,209
Group's share of net assets	**N/A**	15,948

21. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2013 HK$'000	2012 HK$'000
Unlisted equity shares, at cost	**20**	20

Details of subsidiaries as at 31 March 2013, which materially affected the Group's results or net assets, are set out in note 43.

22. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	The Company	
	2013 HK$'000	2012 HK$'000
Amounts due from subsidiaries	**82,277**	95,164
Impairment losses	**(4,679)**	(4,679)
	77,598	90,485
Less: Amounts classified as non – current assets	**(52,567)**	(90,485)
Amount classified as current assets	**25,031**	–
Amounts due to subsidiaries	**(68)**	(65)

22. AMOUNTS DUE FROM/(TO) SUBSIDIARIES (continued)

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

The amount due from a subsidiary is unsecured, interest-free and recoverable on demand.

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

23. PROPERTIES HELD FOR SALE

	HK$'000
At 1 April 2011	–
Acquired on acquisition of subsidiaries *(note 33)*	88,013
Additions	10,215
Exchange adjustments	784
At 31 March 2012 and 1 April 2012	99,012
Adjustments to construction costs	(10,825)
Additions	3,977
Exchange adjustments	1,392
At 31 March 2013	**93,556**

At 31 March 2013, the properties held for sale of HK$93,556,000 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 2013, 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 2013 is located in the PRC. The carrying amounts of properties held for sale shown above are as follows:

	2013 ***HK$'000***	2012 *HK$'000*
Properties held for sale in the PRC under medium-term lease	**93,556**	99,012

24. INVENTORIES

	The Group	
	2013	2012
	HK$'000	*HK$'000*
Finished goods	**–**	29

25. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**–**	–	**–**	–
Less: Provision for impairment of trade receivables	**–**	–	**–**	–
	–	–	**–**	–
Other receivables	**868**	662	**–**	–
Prepayments	**310**	501	**–**	178
Deposits	**708**	702	**321**	320
	1,886	1,865	**321**	498

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

	The Group	
	2013	2012
	HK$'000	*HK$'000*
1 April	**–**	8,288
Impairment loss reversed	**–**	(2,532)
Amounts written off as uncollectible	**–**	(5,756)
31 March	**–**	–

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 comprise amounts receivable from third parties which are repayable on demand, deposits and prepayments.

26. CASH AND BANK DEPOSITS

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at bank	**4,260**	5,155	**240**	48
Cash on hand	**494**	112	**494**	98
	4,754	5,267	**734**	146

Cash and bank deposits are denominated in the following currencies:

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HKD	**333**	176	**242**	43
Renminbi ("RMB")	**4,421**	5,086	**492**	98
United States dollars ("USD")	**–**	5	**–**	5
	4,754	5,267	**734**	146

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	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**10,814**	13,143	**–**	–
Other payables	**6,536**	15,299	**1,376**	306
Accruals	**1,105**	1,134	**749**	749
Deposits received	**450**	809	**–**	98
	18,905	30,385	**2,125**	1,153
An aged analysis of the trade payables is as follows:				
Within 3 months	**–**	650	**–**	–
Over 3 months but within 1 year	**–**	12,493	**–**	–
Over 1 year	**10,814**	–	**–**	–
	10,814	13,143	**–**	–

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

The amounts due to directors/related companies are non-trade nature, unsecured, interest-free and have no fixed repayment terms.

The amount due from/to a shareholder is non-trade nature, unsecured, interest-free and has no fixed repayment terms. The amount which the Company and shareholder have no intention to demand for repayment within 12 months after the reporting date is classified as non-current asset.

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:

	The Group and The Company	
	2013	2012
	HK$'000	*HK$'000*
At 1 April	**21,429**	–
Issuance of convertible note on acquisition of subsidiaries *(note 33)*	**–**	20,071
Effective interest expense	**2,359**	1,358
At 31 March	**23,788**	21,429

30. DEFERRED TAXATION

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deferred tax assets	**2,416**	2,986	**–**	–
Deferred tax liabilities	**(25,264)**	(23,662)	**(1,659)**	(2,048)
	(22,848)	(20,676)	**(1,659)**	(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

	Total losses available for offsetting against future taxable profits
	HK$'000
At 1 April 2011	959
Acquisition of subsidiaries	1,816
Credited to the consolidated income statement	156
Exchange adjustments	55
At 31 March 2012 and 1 April 2012	2,986
Charged to the consolidated income statement	(613)
Exchange adjustments	43
At 31 March 2013	**2,416**

30. DEFERRED TAXATION (continued)

Deferred tax liabilities

	Fair value Adjustment on business combination *HK$'000*	**Fair value on investment property** *HK$'000*	**Convertible note** *HK$'000*	**Total** *HK$'000*
At 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 and 1 April 2012	(21,835)	221	(2,048)	(23,662)
(Charged)/credited to the consolidated income statement	–	(1,683)	389	(1,294)
Exchange adjustments	(307)	(1)	–	(308)
At 31 March 2013	(22,142)	(1,463)	(1,659)	(25,264)

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

	The Group		**The Company**	
	2013 ***HK$'000***	2012 *HK$'000*	**2013** ***HK$'000***	2012 *HK$'000*
At 1 April	**(20,676)**	959	**(2,048)**	–
Acquisition of subsidiaries	**–**	(22,099)	**–**	(2,272)
(Charged)/credited to the consolidated income statement	**(1,907)**	598	**389**	224
Exchange adjustments	**(265)**	(134)	**–**	–
At 31 March	**(22,848)**	(20,676)	**(1,659)**	(2,048)

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of approximately HK$18,426,000 (2012: HK$15,906,000) to carry forward against future taxable income. Unrecognised tax losses of approximately HK$9,087,000 (2012: HK$6,568,000) will expire within 5 years. Other tax losses have no expiry date.

30. DEFERRED TAXATION (continued)

The Company
Deferred tax liabilities

	Convertible note HK$'000
At 1 April 2011	–
Acquisition of subsidiaries	(2,272)
Credited to the consolidated income statement	224
At 31 March 2012 and 1 April 2012	(2,048)
Credited to the consolidated income statement	389
At 31 March 2013	**(1,659)**

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	
	2013	2012	**2013**	2012
	'000	*'000*	**HK$'000**	*HK$'000*
Ordinary shares of HK$0.1 each				
Authorised:				
— At 1 April and 31 March	**2,000,000**	2,000,000	**200,000**	200,000
Issued and fully paid:				
— At 1 April	**1,127,628**	972,628	**112,763**	97,263
— Issue of shares as consideration for acquisition of Linkful Group *(note)*	**–**	155,000	**–**	15,500
— At 31 March	**1,127,628**	1,127,628	**112,763**	112,763

Note:

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.

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 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 and 1 April 2012	125,624	6,430	385	3,808	6,801	314	(212,092)	(68,730)
Total comprehensive loss for the year	–	–	–	–	(3,894)	–	(7,501)	(11,395)
Share options lapsed	–	–	(385)	–	–	–	385	–
Transfer of PRC statutory reserves on disposal of subsidiaries	–	–	–	(3,808)	–	–	3,808	–
At 31 March 2013	**125,624**	**6,430**	**–**	**–**	**2,907**	**314**	**(215,400)**	**(80,125)**

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 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 and 1 April 2012	166,195	6,430	385	(212,985)	(39,975)
Total comprehensive loss for the year	–	–	–	(23,477)	(23,477)
Share options lapsed	–	–	(385)	385	–
At 31 March 2013	**166,195**	**6,430**	**–**	**(236,077)**	**(63,452)**

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 2013 (2012: 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
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 was determined using the open market price of the Company's shares on 15 August 2011 at HK$0.138 per share.

3. The adjustment to consideration was calculated as the excess of the net amount of the payables (minus receivables) 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 2011 of approximately HK$7,957,000 over the principal amount of promissory note of HK$75,960,000 which might be issued on the 1st anniversary of the date of completion of acquisition. Depending on the financial information and the construction cost to be incurred by the Linkful Group, no promissory note is required to be issued on the anniversary date and the cash component of the consideration paid for the acquisition has to be adjusted by approximately HK$9,932,000 as amount receivable from the vendor, Mr. Huang Shih Tsai.

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 financial year at 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

As disclosed in note 10, on 15 May 2012, the Group disposed of China Bond Group.

An analysis of assets and liabilities over which control was lost:

	HK$'000
Investment in an associate	15,948
Cash and cash equivalents	2,101
Loss on remeasurement to fair value less costs to sell	(6,853)
Trade and other payables	(8,932)
Net assets of China Bond Group disposed of	2,264

34. Disposal of subsidiaries (continued)

	HK$'000
Gain on disposal of China Bond Group:	
Consideration received	492
Net assets disposed of China Bond Group	(2,264)
Non-controlling interests	(1,706)
Cumulative exchange differences in respect of the net assets of China Bond Group reclassified from equity to profit or loss	4,988
Direct expenses in relation to the disposal	(816)
Gain on disposal	694

The gain on disposal is included in the profit for the year from discontinued operation.

	HK$'000
Net cash outflow on disposal of a subsidiary	
Consideration received in cash and cash equivalents	492
Less: cash and cash equivalents disposed of	(2,101)
	(1,609)

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**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
As a lessee				
Premises				
— within 1 year	**1,148**	–	**1,148**	–

36. CAPITAL COMMITMENTS

	2013	2012
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of:		
– investment property	**3,489**	3,183
– properties held for sale	**10,628**	9,697
	14,117	12,880

37. CONTINGENT LIABILITIES

The Group and the Company did not have significant contingent liabilities at the end of reporting period (2012: Nil).

38. SHARE OPTION SCHEME

2002 Share Option Scheme

The Company's 2002 Share Option Scheme was adopted on 2 August 2002 to replace the "1999 Share Option Scheme" previously adopted on 18 November 1999.

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 share options, previously granted by the Company under the 2002 Share Option Scheme, lased on 2 August 2012 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 2013 and 2012.

38. SHARE OPTION SCHEME (continued)

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

2013

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)	–	–
Ms. Hui Sin Man, Alice	29/2/2008	0.23925	450,667	–	–	(450,667)	–	–
Sub-total			901,334	–	–	(901,334)	–	–
Employee	29/2/2008	0.23925	4,506,667	–	–	(4,506,667)	–	–
Total			5,408,001	–	–	(5,408,001)	–	–
Weighted average exercise price			0.23925	–	–	0.23925	–	–

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

* *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.*

38. SHARE OPTION SCHEME (continued)

Adoption of new share option scheme

In order to enable the continuity of share option available to be granted by the Company, an ordinary resolution had been proposed to and passed by the shareholders at the annual general meeting of the Company held on 3 August 2012 to adopt a new share option scheme (the "2012 Share Option Scheme") upon the termination of the 2002 Share Option Scheme.

The purpose of the 2012 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, any of its subsidiaries or any invested entity; (ii) any holder of legal or beneficial title of any securities issued by any member of the Group or any invested entity; (iii) any business or joint venture partner, contractor, subcontractor, agent, sub-agent of the Group or any invested entity; (iv) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional services to any member of the Group or any invested entity; and (v) any supplier of goods or services, customer or distributor of the Group or any invested entity, 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 2012 Share Option Scheme is valid for a period of 10 years commencing on 3 August 2012. 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 2012 Share Option Scheme must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the 2012 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 or any of their respective associates 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 maximum number of shares which may be issued upon exercise of all options granted and yet to be exercised under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time.

As at 31 March 2013, no option had been granted under the 2012 Share Option Scheme.

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 2013 amounted to approximately HK$157,000 (2012: HK$169,000).

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:

	2013	2012
	HK$'000	*HK$'000*
Salaries and other benefits	**2,158**	3,351
Retirement benefit scheme contributions	**48**	69
	2,206	3,420

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

(b) Included in amounts due to related companies of approximately HK$49,427,000 (2012: 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 optimisation 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 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:

	2013 ***HK$'000***	2012 *HK$'000*
Long-term borrowings		
Liability component of convertible note *(note 29)*	**23,788**	21,429
Equity	**32,638**	41,884
Gearing ratio	**72.9%**	51.2%

The increase in gearing ratio as at 31 March 2013 as compared to that of 31 March 2012 is mainly attributable to decrease in equity.

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	
	2013	2012
	HK$'000	*HK$'000*
Loans and receivables at amortised cost		
Trade and other receivables	**1,576**	1,364
Cash and bank deposits	**4,754**	5,267
	6,330	6,631
Financial liabilities at amortised cost		
Trade and other payables	**(18,905)**	(30,385)
Amounts due to directors	**(2,729)**	(2,604)
Amount due to a shareholder	**(28,174)**	(19,874)
Amounts due to related companies	**(49,427)**	(42,539)
Convertible note	**(23,788)**	(21,429)
	(123,023)	(116,831)

	The Company	
	2013	2012
	HK$'000	*HK$'000*
Loans and receivables at amortised cost		
Trade and other receivables	**321**	498
Amounts due from subsidiaries	**77,598**	90,485
Amount due from a shareholder	**632**	8,933
Cash and bank deposits	**734**	146
	79,285	100,062
Financial liabilities at amortised cost		
Trade and other payables	**(2,125)**	(1,153)
Amounts due to directors	**(2,729)**	(2,604)
Amounts due to subsidiaries	**(68)**	(65)
Convertible note	**(23,788)**	(21,429)
	(28,710)	(25,251)

42. FINANCIAL RISK MANAGEMENT (continued)

(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.

(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**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
RMB	**–**	–	**492**	98
USD	**–**	–	**–**	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.

42. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(i) Market risk management (continued)

Sensitivity analysis (continued)

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	
	2013	2012
	HK$'000	*HK$'000*
RMB	**(24)**	(4)

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.

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.

42. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management and policies (continued)

(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:

	2013		2012	
	Carrying amount *HK$'000*	**Fair value** *HK$'000*	Carrying amount *HK$'000*	Fair value *HK$'000*
Convertible note	**23,788**	**22,363**	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.

(iii) Credit risk management

At 31 March 2013, 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.

Other receivables consist of a large number of counterparties which do not give rise to significant concentration risk.

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					
2013					
Non-derivative financial liabilities					
Convertible note	**11%**	**–**	**33,840**	**33,840**	**23,788**
Trade and other payables	**–**	**18,905**	**–**	**18,905**	**18,905**
Amounts due to directors	**–**	**2,729**	**–**	**2,729**	**2,729**
Amount due to a shareholder	**–**	**–**	**28,174**	**28,174**	**28,174**
Amounts due to related companies	**–**	**49,427**	**–**	**49,427**	**49,427**
Total		**71,061**	**62,014**	**133,075**	**123,023**
2012					
Non-derivative financial liabilities					
Convertible note	11%	–	33,840	33,840	21,429
Trade and other payables	–	30,385	–	30,385	30,385
Amounts due to directors	–	2,604	–	2,604	2,604
Amount due to a shareholder	–	19,874	–	19,874	19,874
Amounts due to related companies	–	42,539	–	42,539	42,539
Total		95,402	33,840	129,242	116,831

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$'000*	More than 1 year *HK$'000*	Total undiscounted cash flows *HK$'000*	Total carrying amount *HK$'000*
The Company					
2013					
Non-derivative financial liabilities					
Convertible note	**11%**	**–**	**33,840**	**33,840**	**23,788**
Trade and other payables	**–**	**2,125**	**–**	**2,125**	**2,125**
Amounts due to directors	**–**	**2,729**	**–**	**2,729**	**2,729**
Amounts due to subsidiaries	**–**	**68**	**–**	**68**	**68**
Total		**4,922**	**33,840**	**38,762**	**28,710**
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
Total		3,822	33,840	37,662	25,251

43. LIST OF SUBSIDIARIES

The Company's subsidiaries at 31 March 2013 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%	–	Investment holding
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 2013 and 2012 have been used after making adjustments, as appropriate, for compliance with accounting principles generally accepted in Hong Kong.

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, for the year ended 31 March 2012.

45. EVENT AFTER THE REPORTING PERIOD

The Group does not have material events after the end of the reporting period.

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				
	2009 *HK$'000*	2010 *HK$'000*	2011 *HK$'000*	2012 *HK$'000*	**2013** ***HK$'000***
Turnover	16,808	34,876	301	5,273	**963**
Loss before tax	(11,865)	(6,458)	(14,954)	(26,725)	**(7,596)**
Income tax (charge)/credit	(22)	308	447	598	**(1,907)**
Loss for the year from continuing operations	(11,887)	(6,150)	(14,507)	(26,127)	**(9,503)**
Profit/(loss) for the year from discontinued operation	–	–	(19,066)	(8,153)	**2,438**
Loss for the year	(11,887)	(6,150)	(33,573)	(34,280)	**(7,065)**
Attributable to:					
Owners of the Company	(12,081)	(6,892)	(28,553)	(33,672)	**(7,501)**
Non-controlling interests	194	742	(5,020)	(608)	**436**
	(11,887)	(6,150)	(33,573)	(34,280)	**(7,065)**

ASSETS AND LIABILITIES

	As at 31 March				
	2009 *HK$'000*	2010 *HK$'000*	2011 *HK$'000*	2012 *HK$'000*	**2013** ***HK$'000***
Total assets	46,214	66,497	62,581	191,647	**180,925**
Total liabilities	(28,450)	(34,632)	(15,855)	(149,763)	**(148,287)**
Net assets	17,764	31,865	46,726	41,884	**32,638**
Non-controlling interests	1,317	2,065	(2,662)	(2,149)	**–**

Major Properties

As at 31 March 2013

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