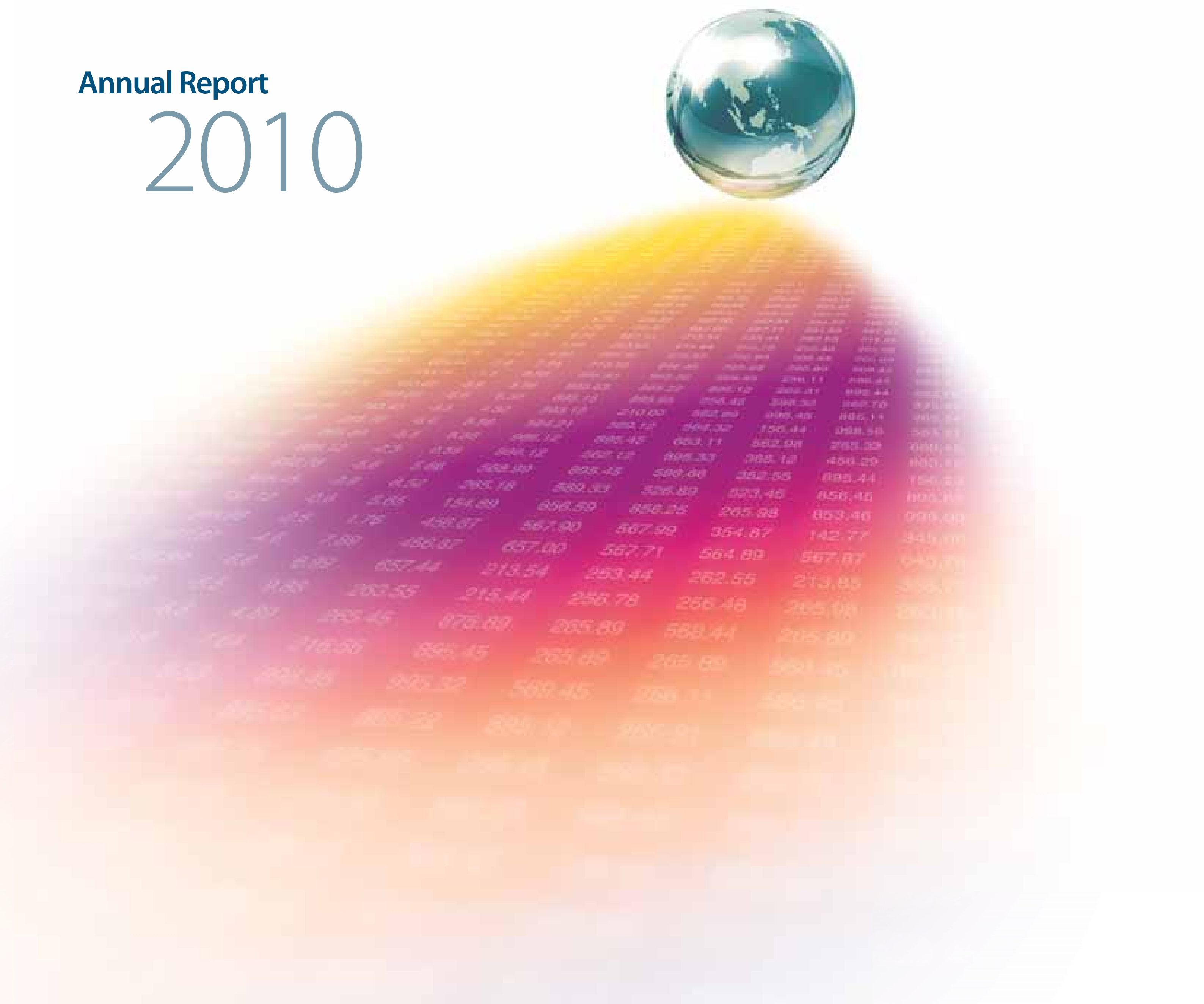
ABC Communications (Holdings) Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 30)

Annual Report 2010



Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Dr. Lew Mon Hung *(Chairman)*
Mr. Chen Jiasong *(Deputy Chairman)*
Mr. Wang Zhi Gang
Mr. Cheung Wai Shing
Mr. Zhao Bao Long

Non-Executive Director:

Mr. Hou Hui Min *(Honorable Chairman)*

Independent Non-Executive Directors:

Mr. Tsang Kwok Wai
Mr. Lee Kwong Yiu
Mr. Zhang Guang Hui

COMMITTEES

Audit Committee

Mr. Tsang Kwok Wai
Mr. Lee Kwong Yiu
Mr. Zhang Guang Hui

Remuneration Committee

Mr. Tsang Kwok Wai
Mr. Lee Kwong Yiu
Mr. Zhang Guang Hui

COMPANY SECRETARY

Mr. Cheung Wai Shing

AUTHORIZED REPRESENTATIVES

Mr. Chen Jiasong
Mr. Cheung Wai Shing

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Room 2912, 29/F., West Tower,
Shun Tak Centre,
168-200 Connaught Road Central,
Sheung Wan,
Hong Kong.

AUDITORS

SHINEWING (HK) CPA Limited

REGISTRARS

Computershare Hong Kong Investor Services Limited
18th Floor, Hopewell Centre,
183 Queen's Road East,
Hong Kong.

SOLICITORS

Stephenson Harwood and Lo
Chan, Tang, Kwok Solicitors

HOMEPAGE

www.hkabc.com

RESULTS

Our Group reported a loss of HK$2.9 million or a loss per share of 1.13 cents for the year ended 31 March 2010. Loss for the period from continuing operation amounted to HK$2.9 million, which represented an decrease of 38% as compared to the loss of HK$4.7 million for the previous year. The decrease in operating loss was mainly caused by the fair value gain in relation to the convertible bonds issued during the year. In last year there were a profit from discontinued operation of HK$74 million, which consisted of income arising from properties and securities investment operation, and gain on disposal of ABC Global Group. As disclosed in the last year annual report, the profit from discontinued operation was one-off in nature and would not be re-current in the current and coming years. The general and administrative expenses amounted to HK$22 million, which represented a drop of 8.8% over that of last year.

FINAL DIVIDEND

The Board did not recommend a final dividend for the year ended 31 March 2010.

BUSINESS REVIEW

The principal activities of the Group comprise two business units: financial information services and securities trading system licensing provided by QuotePower International Limited ("QuotePower") and wireless applications development provided by ABC QuickSilver Limited.

Notwithstanding the intense competitions and threat from the launch of free real-time stock data on designated websites by the Stock Exchange in October 2009, QuotePower, our principal operating subsidiary in financial quotation services, has achieved a moderate growth in. Turnover of the Group increased to HK$130 million, an increase of 19.64% over that of the previous year. The increase was mainly due to the soaring investment enthusiasm in stock market in the fiscal year.

OUTLOOK

The financial results of QuotePower, the main revenue producer of the Group, will to a large extent depend on the performance of the stock market. Investor sentiments have been recovering as a result of the quantitative easing monetary policies adopted by various governments after the financial tsunami in earlier years. Given the strong market position and customer base built up over the years, we are reasonably confident that QuotePower will be able to regain its proven track records. Meanwhile, the continued strengthening of Hong Kong as an international financial centre should also present us with new growth prospects, which we believe QuotePower is well-placed to capture. It will continue to explore business opportunities to enhance its market leadership in the area of financial information services and to expand the geographical reach of its sales and marketing activities. It is expected that the financial quotation services provided by the Group will still face severe challenge ahead. The management will strive to exercise prudent business measures to maximize its profitability or to minimize the loss.

The Board believes that it is in the best interests of the Company and the Shareholders to diversify the business of the Group. The management of the Company has reviewed various investment opportunities in the field of energy and resources. On 12 October 2009, the Company entered into an acquisition agreement with an independent third party. Upon completion, the Company will be the single largest shareholder of Shandong Guoda Gold Company Limited ("Guoda Gold"), a renowned and one of the largest gold smelting and refining companies in China. Guoda Gold has an annual production capacity of 15 tonnes gold, 40 tonnes silver, 400,000 tonnes industrial sulphuric acid, 150,000 tonnes copper cathodes and waste heat recovery power generation of 50 million kWh (kilowatt-hour). It is also one of the few qualified gold refineries certified by Shanghai Gold Exchange as standard gold bullion production enterprise. Guoda Gold has proven track records. It is expected that it will contribute positively to the Group's operating results and cashflows in future years, if the acquisition completes. The acquisition is still in progress pending the finish of all necessary due diligence works. A circular containing further details of the acquisition and Guoda Gold will be dispatched to shareholders of the Company when all such due diligence works have been satisfied.

FINANCIAL POSITION

In the year under review, the Group maintains a conservative approach to cash management and risk controls. To achieve better risk controls and efficient fund management, the Group's treasury activities are centralized. More than 90% of our receipts and payments are in Hong Kong dollars. Cash and bank balances are placed in deposits denominated either Hong Kong dollars. As at 31 March 2010, the Group had cash and cash equivalents of approximately HK$32 million.

Except for the Convertible Bonds due 2010 as disclosed in note 24 of page 61, the Group had no other bank borrowings. Total liabilities of the Group as at 31 March 2010 were HK$145.4 million (compared with HK$19.7 million on 31 March 2009). They mainly comprised the Convertible Bonds, trade and other payables. All liabilities of the Group was denominated in HK dollars.

The Group's debt-to-equity ratio as calculated by dividing total liabilities over total equity, as at 31 March 2010, was 2.84 times (31 March 2009: 1.30 times). The increase in debt-to-equity ratio reflected that the Group relied more on debts financing during the year.

At as 31 March 2010, the Group had net current assets of HK$49.6 million (2009: net current assets of HK$12.6 million). Nevertheless, as the Convertible Bonds will be matured in early December 2010, the Company is still facing with pressure on financing. The management will assess and consider various possible fund raising alternatives to strengthen the capital base and financial position of the Company. The Board is confident that the Company will be able to meet its financial obligation as and when they fall due and has sufficient working capital to support future operational needs.

CAPITAL RAISING AND USE OF PROCEEDS

To equip the Company with financial resources for expansion and diversification of operations, the Company has made a placement of Convertible Bonds for a principal amount of HK$150 million during the year. The placement was completed on 9 December 2009 and net proceeds of approximately HK$142 million had been received, of which HK$130 million had been used as the refundable deposit for the strategic acquisition of Guoda Gold.

PLEDGE OF ASSETS

As at 31 March 2010, no assets of the Group were pledged to secure general banking facilities granted to the Group.

CAPITAL COMMITMENTS

	2010 **HK$**	2009 HK$
Capital commitment in respect of the acquisition of subsidiaries:		
– Contracted but not provided for	**250,000,000**	–

As set out in note 20 in page 59 and the Company's announcement dated 11 February 2010, on 12 October 2009, the Group entered into an acquisition agreement with, an independent third party regarding the Proposed Acquisition. According to the acquisition agreement, the Group will acquire the entire issued share capital and all shareholders' loans of the target company from the vendor for a total consideration of HK$380 million. A refundable cash deposit of HK$130 million has been paid to the vendor during the year ended 31 March 2010.

CONTINGENT LIABILITIES

As at 31 March 2010, the Group had no material contingent liabilities.

EMPLOYEE REMUNERATION POLICY

As at 31 March 2010, the Group had 43 employees. Total salaries, commissions, incentives and all other staff related costs incurred for the year ended 31 March 2010 amounted to approximately HK$14.5 million. Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds, life insurance and medical assistances benefits. The company may also grant share options to eligible employees to motivate their performance and contribution to the Group.

The directors are pleased to present their report together with the audited consolidated financial statements for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the principal subsidiaries are shown in note 35 to the consolidated financial statements.

An analysis of the Group's performance for the year by reportable and geographical segments is set out in note 8 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 23.

The directors did not recommend the payment of a final dividend.

RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 25.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in note 26 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company are set out in note 34 to the consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 72.

DIRECTORS

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

Executive Directors:

Dr. Lew Mon Hung *(Chairman)* (appointed on 31 July 2009)
Mr. Chen Jiasong *(Deputy Chairman)* (re-designated as Deputy Chairman on 31 July 2009)
Mr. Cheung Wai Shing
Mr. Wang Zhi Gang (appointed on 2 June 2009)
Mr. Zhao Bao Long (appointed on 13 April 2010)
Mr. Jing Zhanbin (resigned on 5 June 2009)
Mr. Wang Sen Hao (appointed on 2 June 2009 and resigned on 31 July 2009)
Dr. Daniel K, Wong (appointed on 7 August 2009 and resigned on 18 September 2009)

Non-Executive Directors:

Mr. Hou Hui Min *(Honorable Chairman)* (appointed on 13 April 2010)

Independent Non-Executive Directors:

Mr. Tsang Kwok Wai
Mr. Lee Kwong Yiu (appointed on 19 June 2009)
Mr. Zhang Guang Hui (appointed on 19 June 2009)
Mr. Anthony Michael Bough (resigned on 5 June 2009)
Mr. Ye Zhiqiang (resigned on 5 June 2009)

In accordance with the Company's Bye-laws, Messrs. Zhao Bao Long, Hou Hui Min and Tsang Kwok Wai should retire at the forthcoming Annual General Meeting (Notice of which will be despatched in due course) and, being eligible, offer themselves for re-election. None of the directors proposed for re-election has a service contract with the Company or its subsidiaries which is not determinable by the Company or its subsidiaries within a year without payment of compensation other than statutory compensation.

BIOGRAPHICAL INFORMATION ON DIRECTORS

(a) Executive directors

Dr. Lew Mon Hung, aged 60, is a committee member of the 11th National Committee of the Chinese People's Political Consultative Conference and Foreign Affairs Committee. Dr. Lew is currently an executive director of Pearl Oriental Innovation Limited (Stock Code: 632), the shares of which are listed on the Stock Exchange. He was also the Chairman and executive director of G-Resources Group Limited (Stock Code: 1051) during the period from 7 January 2002 to 3 August 2009. He was appointed as a part-time member of the Government of the HKSAR Central Policy Unit during the years 2006 to 2007. Dr. Lew was the chief consultant of Core Pacific – Yamaichi International (HK) Ltd., and a director of the Mirror Post Cultural Enterprise Co. Ltd. He also had been director, chief executive and chief consultant of various financial institutions. Dr. Lew has extensive experience in corporate finance and takeovers activities and has established good relationship and connection with both financial and political sectors in Hong Kong. Dr. Lew has been appointed as an executive director and the Chairman of the Company since 31 July 2009.

BIOGRAPHICAL INFORMATION ON DIRECTORS (CONTINUED)

(a) Executive directors (Continued)

Mr. Chen Jiasong, aged 55, graduated from Huazhong University of Science & Technology. Mr. Chen worked in the Bureau of Light Industry of the Peoples' Government of Shashi, Jingzhouo. Then in 1982, he was relocated to work in the Committee of Economic and Trade of the Peoples' Government of Jingzhou. During the period from 1993 to 2004, Mr. Chen acted as the Managing Director of Shenzhen Lian Jing Investment Co. Ltd. Mr. Chen joined Guangdong Junye (Group) Co. Ltd. in 2004 and is presently the Vice President of Guangdong Junye. Mr. Chen has extensive experience in business development, investment and project management. Mr. Chen has been appointed as the executive Director on 29 October 2008. He had also been the Chairman of the Company since 12 May 2009 and was later re-designed as the Deputy Chairman on 31 July 2009 .

Mr. Cheung Wai Shing, aged 39, holds a Bachelor Degree in Accountancy from City University of Hong Kong, and a Master's of Science Degree in Finance from University of Michigan-Dearborn. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, and an associated member of The Institute of Chartered Accountants in England and Wales. Mr. Cheung has extensive experience in accounting, financial management and corporate governance and has worked in "big four" accounting firms and various private and public companies. Between September 2006 and March 2008, Mr. Cheung was an independent non-executive director of M Dream Inworld Limited (Stock code: 8100), which is listed on the Growth Enterprise Market of the Stock Exchange. Mr. Cheung has been appointed as the company secretary and authorized representative of the Company with effect from 21 August 2008 and the executive Director with effect from 28 August 2008.

Mr. Wang Zhi Gang, aged 63, joined the People's Liberation Army after graduation. In 1978 he worked in the Ministry of Construction Materials Industry and was later the supervisor of the Office of Infrastructure. During the period from 1988 to 1999, Mr. Wang was relocated as the deputy director of the Beijing Office of the People's Government of Hainan Province, and the deputy director of the Science and Technology Commission of the Guangxi Zhuang Autonomous Region. Then Mr. Wang was appointed as the deputy general manager of China Hua Xin Group Corporation until he retired in 2004.

Mr. Zhao Bao Long, aged 47, has over 23 years of working experience in the mining sector in China and overseas, he holds a Bachelor of Engineering degree in mining engineering from the Baotou Institute of Iron and Steel Technology, a Master of Science degree in mining engineering from Beijing University of Science and Technology and a Master of Science degree in environmental technology and management from the University of Waikato, New Zealand. Mr. Zhao is currently a member o1f Australia Institute of Mining and Metallurgy (MAusIMM). Mr. Zhao had worked as an independent mining consultant in Australia, and a researcher at the University of New South Wales, Australia in the fields of sustainable mining for a period of over 7 years. He had also worked as a mining engineering instructor at Baotou Institute of Iron and Steel Technology in the Inner Mongolia, the PRC. Mr. Zhao had held directorship and senior management positions in a number of renounced mining companies with mining projects and investments in Yunnan, Guangxi and Guizhou provinces – the Golden Triangle, and earlier in Yantai City of the PRC, involving in mining technology development, gold mining project development and operations, project financing and investment, as well as mine management including mine plan, mine scheduling, and environmental and safety management. He was an executive director of Grand T G Gold Holdings Limited (Stock Code: 8299), a company listed in the Growth Enterprises Market of the Stock Exchange during the period from 1 January 2009 to 17 July 2009. Mr. Zhao has been appointed as an executive director of the Company since 13 April 2010.

BIOGRAPHICAL INFORMATION ON DIRECTORS (CONTINUED)

(b) Non-executive director

Mr. Hou Hui Min, aged 60, graduated from the Beijing Jiaotong University, is a senior China Gold Investment Analyst. He is currently the Vice Chairman of the China Gold Association, and Deputy Director of the Resources Committee of the Chinese Geophysical Society. Mr. Hou was an assistant bureau-level director of the discipline inspection panel of the Central Commission for Discipline Inspection in the State Bureau of Metallurgical Industry. He was also the Secretary of the Discipline Inspection Committee and Chairman of the Labour Union of China Gold Corporation (中國黃金總公司). Starting from year 2001, Mr. Hou has been appointed as the Vice Chairman of the China Gold Association, member of the standing committee of the National Committee of the Chinese Machinery, Metallurgical and Building Materials of the All China Federation of Trade Unions, and deputy director of the Editorial Committee of the People's Republic of China Yearbook. To conform to the development of the gold market, Mr. Hou has founded a new national vocational qualification known as the China Gold Investment Analyst. He has been elected as the Director of the qualification evaluation experts committee of the China Gold Investment Analyst. He has trained up a large number of gold investments experts for the China gold market. Furthermore, Mr. Hou organized to compile "The Development History of China Gold" (中國黃金發展史), which filled the absence of historical book on China gold, and set a foundation for the historical works of gold development. Mr. Hou is a renounced expert in gold investment in the China gold industry and financial market. He has been appointed by the California American University as a visiting lecturer in the Aisa-Pacific and China region, and the course advisor of the doctorate and master degree curriculum. Mr. Hou has been appointed as a non-executive director and the Honorable Chairman of the Company since 13 April 2010.

(c) Independent non-executive directors

Mr. Tsang Kwok Wai, aged 40, is a practicing certified public accountant in Hong Kong. He is a fellow member of The Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants, and The Taxation Institute of Hong Kong. Mr. Tsang has over fifteen years of experience in accounting and corporate finance. He is presently running his own public accounting firm. Mr. Tsang is also an independent non-executive director of two companies listed on the Stock Exchange, namely, K.P.I Company Limited (Stock code: 605) and China Golden Development Holdings Limited (Stock code: 162). Mr. Tsang has been appointed as the independent non-executive Director with effect from 18 September 2008.

Mr. Lee Kwong Yiu, aged 47, is a practicing solicitor in Hong Kong since 1994. He holds professional qualification as a solicitor of the High Court of Hong Kong and an associated of the Chartered Institute of Arbitrators. On 20 April 2006, Mr. Lee was appointed by the Ministry of Justice of the People's Republic of China as a China-Appointed Attesting Officer. He is now the principal of Messrs. Philip K.Y. Lee & Co. Solicitors. Mr. Lee is also the independent non-executive director of Sun Hing Vision Group Holdings Limited (Stock Code: 125) and Vital Group Holdings Limited (Stock Code: 1164), all of them are listed on the Stock Exchange. Mr. Lee joined the Company on 19 June 2009.

Mr. Zhang Guang Hui, aged 46, has over ten years of experience in strategic marketing, sales promotion and trading. He was the deputy general manager of Shenzhen City Jin Yuan Futures Corporation Limited during the period from October 2004 to December 2008. Mr. Zhang was appointed on 19 June 2009.

SHARE OPTION SCHEMES

Under the share options scheme (the "Option Scheme") approved by the shareholders at a Special General Meeting of the Company held on 27 March 2002 ("Adoption Date"), the Directors may, at their discretion, invite any participants to take up options to subscribe for fully paid ordinary shares ("Shares") in the Company subject to the terms and conditions stipulated therein.

Details of the Option Scheme are as follow:

(i) Purpose

The purpose of the Opton Scheme is to provide incentives or rewards to Participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity.

(ii) Participants

The Directors may, at their discretion, invite any Participant including any executive director, non-executive director or employee (whether full time or part time), shareholder, supplier, customers, consultant, adviser, other service provider or any joint venture partner, business or strategic alliance partner, in each case, of the Company, any subsidiary of the Company or any Invested Entity, to take up options to subscribe for Shares in the Company.

(iii) Maximum number of shares

(1) 30% Limit

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme of the Company must not exceed 30% of the Shares in issue from time to time (the "Scheme Limit").

(2) 10% Limit

In addition to the Scheme Limit, and subject to the following, the total number of shares which may be issued upon exercise of all options granted under the Option Scheme of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Option Scheme (excluding any options which have lapsed) (the "Scheme Mandate Limited").

The Company may, from time to time, renew the Scheme Mandate Limit by obtaining the approval of its shareholders in general meeting. The Company may also seek separate approval by its shareholders in general meeting for granting options beyond the renewed Scheme Mandate Limit provided the options in excess of such limit are granted only to Participants specifically identified.

(iv) Maximum Entitlement of Each Participant

Unless approved by shareholders of the Company, the total number of securities issued and to be issued upon exercise of the options granted to each Participant (including both exercised and outstanding options) in any 12 month period must not exceed 1% of the Shares in issue. Where any further grant of options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such further grant representing in aggregate over 1% of the relevant class of securities in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Participant and his associates abstaining from voting.

SHARE OPTION SCHEMES (CONTINUED)

(v) **Price of Shares**

The exercise price must be at least the higher of: (a) the nominal value of a Share at the date of grant; (b) the closing price of a Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

(vi) **Amount payable upon acceptance of the option**

Acceptance of an offer of the grant of an option shall be by the delivery to and receipt by the Company at its registered office of the form of acceptance sent to the Participant duly completed and signed by the Participant together with a remittance of HK$10.

(vii) **Time of Exercise of Option**

An option shall be exercisable at such time(s) or during such period(s) and subject to such terms, as the Directors may, at their discretion specify, provided that no option shall be exercisable no earlier than one month after and no later than ten years after its date of grant. Unless otherwise determined by the Directors at their sole discretion, there is no requirement of a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

(viii) **The remaining life of the Option Scheme**

The life of the Option Scheme is 10 years commencing on the Adoption Date and will end on 26 March 2012.

(ix) **Shares available for issue under the Option Scheme**

As at 31 March 2010, the total number of shares available for issue under the Option Scheme was 44,188,600 shares which represented approximately 9.25% of the total issued share capital of the Company.

No options were granted or exercised during the year.

DIRECTORS' INTERESTS

At 31 March 2010, according to the register of interest kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") and so far as was known to the Directors, none of the Directors and chief executives of the Company held any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) where required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for the Securities Transactions by Directors of Listed Companies (the "Model") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange.

Apart from the share option scheme disclosed in the section "**SHARE OPTION SCHEME**", at no time during the period was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate and neither the Directors nor any of their spouses or children under 18 years of age, had any right to subscribe for shares or debt securities of the Company, or had exercised any such rights during the period under review.

DIRECTORS' INTERESTS (CONTINUED)

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 31 March 2010, the register of substantial shareholders maintained under Section 336 of the "SFO" shows that the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital.

Name	Number of Ordinary Shares held
Asian Gold Dragon Limited	256,788,500
Mr. Sze Chun Ning, Vincent (Note (a))	256,788,500
Rising Step Holdings Limited	71,376,000
Mr. Zhuo Shui Jia (Note (b))	71,376,000

Note:

(a) These shares are held by Asian Gold Dragon Limited. Mr. Sze Chun Ning, Vincent holds 85% issued shares capital of Asian Gold Dragon Limited.

(b) These shares are held by Rising Step Holdings Limited. Mr. Zhuo Shui Jia holds 100% issued shares capital of Rising Step Holdings Limited

All the interests stated above represent long positions. Save as disclosed herein, there is no person known to the directors who, as at 31 March 2010, was directly or indirectly interested in 5% or more of the nominal value of any class of share capital of the Company which are required to be recorded in the register kept pursuant to Section 336 of the "SFO".

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under the laws of Bermuda in relation to issues of new shares by the Company.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

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

Purchases	
– the largest supplier	91.17%
– five largest suppliers combined	98.23%
Sales	
– the largest customer	65.82%
– five largest customers combined	77.85%

No directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had an interest in the major suppliers or customers noted above.

SUFFICIENCY OF PUBLIC FLOAT

As far as the information publicly available to the Company is concerned and to the best knowledge of the Directors of the Company, the public float of shares of the Company has remained above the minimum percentage required by the Stock Exchange throughout the year.

EVENTS AFTER THE REPORTING PERIOD

On 9 April 2010 and 17 May 2010, an aggregate of 11,000,000 ordinary shares of the Company with par value of HK$0.01 each were issued upon the partial conversion of CB in principal amount of HK$22,000,000 at a conversion price of HK$2 each.

On 23 April 2010, the Company and the vendor entered into a supplemental agreement supplementing to the acquisition agreement related to the Proposed Acquisition of which the details has been set out in note 20 of page 59. Pursuant to this supplemental agreement, the Company and the vendor have agreed to extend the deadline for the fulfillment of the conditions to the Proposed Acquisition from 27 April 2010 to 30 July 2010.

AUDITORS

The financial statements have been audited by SHINEWING (HK) CPA Limited who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board

Lew Mon Hung
Chairman and Executive Director

Hong Kong, 28 July 2010

OVERVIEW

The directors of the Company are committed to achieving and maintaining high standards of corporate governance to ensure that all decisions are made in good faith, in the best interest of shareholders and in long-term shareholders value.

The corporate governance standards of the Company are built on the principles of independence, accountability, transparency and fairness. The Company has complied with the code provision set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") which was in force prior to 1 January 2005.

In the opinion of the directors, the Company has complied with the code provisions save for deviations as set out below.

CODE PROVISION A.2.1

Under the code provision A.2.1, the roles of Chairman and Chief Executive Officer ("CEO") should be separated and should not be performed by the same individual.

During the year, the Company had no officer with the title of CEO. The roles and functions of the CEO have been performed by all the executive directors of the Company collectively. The Board ensured that all Directors compiled with good corporate governance practices and are properly briefed on issues arising at the Board meeting and have received adequate, complete and reliable information in a timely manner. The Board believes that presently the size of the Group is small and such arrangement will not impair the efficient formulation and implementation of the Group's strategies. The Board will periodically review such arrangement and will adopt such appropriate measures as may be necessary in the future taking into consideration of the nature and extent of the Group's operation and business development.

CODE PROVISION A.4.1

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

All non-executive directors of the Company were not appointed for a specific term, but every director of the Company will be subject to retirement no later than the third annual general meeting after his election, under the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are not less exacting than those in the Code.

CORPORATE GOVERNANCE PRACTICE

A. Directors

A.1 Board of Directors (the "Board")

The Board held 16 meetings in the fiscal year. Directors have been consulted to advice the agenda of the Board meeting. Sufficient notice of the Board meeting has been given to the directors.

Directors may attend meetings in person or via telephone, electronic or other communication facilities. Minutes of the Board and the Board Committees are recorded in sufficient details and kept by the company secretary for inspection at any reasonable time on reasonable notice by any directors.

CORPORATE GOVERNANCE PRACTICE (CONTINUED)

A. Directors (Continued)

A.1 Board of Directors (the "Board") (Continued)

Directors were supplied with adequate and relevant information in a timely manner to enable them forming decision in the relevant meetings. Every Director is aware that he should give sufficient time and attention to the affairs of the Company. Agreed procedures are in place providing to the member of the Board and/or committee to seek independent professional advice at the Company's expenses to assist them to discharge their duties.

The Board holds meetings on a regular basis and will meet on other occasions when a board-level decision on a particular matter is required. The Board also monitors and controls financial performance in pursuit of the Group's strategic objectives. The attendance of individual director at Board meetings held during the accounting period is set out below.

Name	Board	Audit Committee	Remuneration Committee
Total numbers of meetings held during the year ended 31 March 2010	16	2	2
Executives:			
Dr. Lew Mon Hung (appointed on 31 July 2009)	1/11	N/A	N/A
Mr. Chen Jiasong	16/16	N/A	N/A
Mr. Cheung Wai Shing	16/16	N/A	N/A
Mr. Wang Zhi Gang (appointed on 2 June 2009)	9/15	N/A	N/A
Mr. Zhao Bao Long (appointed on 13 April 2010)	N/A	N/A	N/A
Mr. Wang Sen Hao (appointed on 2 June 2009 and resigned on 31 July 2009)	0/5	N/A	N/A
Dr. Daniel K. Wong (appointed on 7 August 2009 and resigned on 18 September 2009)	0/3	N/A	N/A
Mr. Jing Zhanbin (resigned on 5 June 2009)	0/2	N/A	N/A
Non-Executives:			
Mr. Hou Hui Min (appointed on 13 April 2010)	N/A	N/A	N/A
Independent Non-Executive:			
Mr. Tsang Kwok Wai	13/16	2/2	2/2
Mr. Lee Kwong Yiu (appointed on 19 June 2009)	2/13	1/2	1/2
Mr. Zhang Guang Hui (appointed on 19 June 2009)	13/13	2/2	2/2
Mr. Anthony Michael Bough (resigned on 5 June 2009)	0/2	N/A	N/A
Mr. Ye Zhiqiang (resigned on 5 June 2009)	0/2	N/A	N/A

CORPORATE GOVERNANCE PRACTICE (CONTINUED)

A. Directors (Continued)

A.2. Chairman and Chief Executive Officer

The position of the Chairman was held by Mr. Chen Jiasong during the period from 12 May 2009 to 31 July 2009, and by Dr. Lew Mon Hung thereafter. The Company had no officer with the title of Chief Operating Officer. The roles and functions of the CEO have been performed by all the executive directors of the Company collectively.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the Chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at board meeting.

A.3 Board Composition

The composition of the Board is shown on page 7 of this report. The existing Board comprises a total of 9 members including 5 executive directors, 1 non-executive director and 3 independent non-executive directors. Members of the Board have different professional and relevant industry experiences and background so as to bring in valuable contributions and advices for the development of the Group's business. 3 out of 9 Directors are independent non-executive directors and one of them are qualified accountants.

The Company has received written confirmation from each independent non-executive director of their independence to the Group. The Group considered all of independent non-executive directors meets the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. The names of the directors and their respective biographies are set out on pages 7 to 9 of this annual report.

A.4 Appointment, re-election and removal

The Company does not have a nomination committee, and the power to nominate or appoint additional directors is vested in the Board according to the Company's Bye-Laws, in addition to the power of the shareholders to nominate any person to become a director of the Company in accordance with the Company's Bye-Laws.

The Board from time to time considers replenishing the composition of the Board whenever the Company requires to meet the business demand, opportunities and challenges and to comply with the laws and regulations. The nomination procedures basically follow the Company's Bye-Laws which empowers the Board from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an additional to the Board. The directors will select and evaluate the balance of skills, qualification, knowledge and experience of the candidate to the directorship as may be required by the Company from time to time by such means as the Company may deems fit. The Directors shall consider the candidate from a wide range of backgrounds, on his/her merits and against objective criteria set out by the Board and taking into consideration his/her time devoted to the position.

At every annual general meeting, one-third of the Directors for the time being or, if their number is not a multiple of three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation provided that every directors, including those appointed for a specific term shall be subject to retirement by rotation at least once every three years. A retiring director shall be eligible for re-election. According to the Company's Bye-Laws, all newly appointed directors will hold office until the next annual general meeting and shall be eligible for re-election.

CORPORATE GOVERNANCE PRACTICE (CONTINUED)

A. Directors (Continued)

A.5 Responsibilities of the Board

The Board is responsible for the leadership and control of the Company, oversee the Group's businesses and evaluate the performance of the Group. The Board also focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group.

The Board delegates day-to-day operations of the Group to Executive Directors and senior management, while reserving certain key matters for its approval. When the Board delegates aspects of its management and administration functions to Management, it has given clear directions as to the powers of the Management, in particular, with respect to the circumstances where Management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

A.6 Supply of and access to information

The Company's senior management regularly supplies the Board and its Committees with adequate information in a timely manner to enable them to make informed decisions. For Board meetings and the Board Committee meetings, the agenda accompanying with Board papers were sent to all directors at least 2 days before the intended date of the Board meetings or Board Committee meetings.

B. Remuneration of directors and Senior Management

The Company has established a remuneration committee with specific written terms of reference, details of which are set out in the section of Remuneration Committee of this report.

C. Accountability and Audit

C.1 Financial Reporting

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirement. The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2010.

A statement by the independent auditors of the Company about their reporting responsibilities is included in the Independent Auditors' Report on page 21 of this annual report. The details of the internal controls of the Company and the audit committee are set out under the section "Internal Control" and "Audit Committee".

C.2 Internal Control

The Board acknowledges its responsibility in maintaining sound and effective internal control system for the Group to safeguard investments of the shareholders and assets of the Company at all times. The system of internal controls aims to help achieving the Group's business objectives, safeguarding assets and maintaining proper accounting records for provision of reliable financial information. However, the design of the system is to provide reasonable, but not absolute, assurance against material misstatement in the financial statements or loss of assets and to manage rather than eliminate risks of failure when business objectives are being sought.

In addition, a policy and procedure regarding the publication price sensitive information is established, setting out the guiding principles, procedures and internal controls for the handling and dissemination of price-sensitive information in a timely manner.

During the year under review, the Board has reviewed the internal control policy and concluded that in general, the Group's internal control system is effective and adequate, no material deficiencies have been identified.

CORPORATE GOVERNANCE PRACTICE (CONTINUED)

C. Accountability and Audit (Continued)

C.3 Audit Committee

The Audit Committee comprises three independent non-executive directors, of which, Mr. Tsang Kwok Wai is a certified public accountant for many years. The Audit Committee is responsible for review of the Group's financial information and oversight of the Group's financial reporting system and internal control procedure. The Audit Committee is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. In performing its duties, it has unrestricted access to personnel, records, external auditors and senior management.

The Audit Committee has specific written terms of reference which are of no less exacting terms than those stipulated in Code provision. For the year under review, the Audit Committee held 2 meetings included the review of the final results for the year ended 31 March 2009 and interim accounts for 30 September 2009. The Group's annual report for the year ended 31 March 2010 has been reviewed by the Audit Committee.

D. Delegation by the Board

D.1 Management functions

When the Board delegates aspects of its management and administration functions to management, it has given clear directions as to the powers of management, in particular, with respect to the circumstance where management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

D.2 Board Committees

The Company has set up two committees including Audit Committee and Remuneration Committee, each Committee with its specific terms of reference.

D.3 Remuneration Committee

The Company has established a remuneration committee with written terms of reference in consistence with the Code. The primary duties of the remuneration committee include the following:

i. To make recommendation to the Board on the Company's policy and structure for all remuneration of directors and senior management;

ii. To determine the remuneration packages of executive directors and senior management, according to the major scope, responsibilities and duties, importance of position of the directors and the senior management as well as the remuneration level of the related position in the market, including benefit in kind, pension rights and compensation payments which include compensation payable for loss or termination of their office or appointment.

iii. To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time or time.

iv. To review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not exercise for the Company.

v. To ensuring that no director or any of his associates shall be involved in any decisions as to their own remuneration.

CORPORATE GOVERNANCE PRACTICE (CONTINUED)

D. Delegation by the Board (Continued)

D.3 Remuneration Committee (Continued)

vi. To advising shareholders on how to vote with respect to any service contracts of directors that requires shareholders' approval under the Listing Rules.

The number of remuneration committee meeting held during the year and record of individual attendance of members, on a named basis, at meetings held during was set out in section headed "Board of Directors" above.

The emolument policy of the employees of the Group was set up by the Remuneration Committee on the basis of their merit, qualification and competence.

The emolument 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.

Further details on the emolument policy and the basis of determining the emolument payable to the Directors are set out in the page 51 of this annual report.

The Group's shares option scheme as described on page 65 of this annual report is adopted as the Group's long-term incentive scheme.

E. Communication with Shareholders

E.1 Effective communication

The general meetings of the Company provide a forum for communication between the shareholders and the Board. The Chairman of the Board as well as chairmen of the Audit Committee and Remuneration Committee, or in their absence, other members of the respective committees, are available to answer questions at the shareholders' meetings.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with investors and analysis to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

E.2 Voting by poll

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's articles of association. Details of such rights to demand a poll and the poll procedures are included in all circulars to shareholders and will be explained during the proceedings of meetings.

Poll results were published on the website of the Stock Exchange as well as the Company's website.

2. DIRECTORS' SECURITIES TRANSACTION

The Company has adopted the full set of Model Code set out in Appendix 10 of the Listing Rules as the code of the conduct for securities transactions by directors (the "Model Code"). The prohibitions on securities dealing and disclosure requirements in the Model Code apply to specified individuals including the Group's senior management and also persons who are privy to price sensitive information of the Group. Having made specific enquiry of all directors, the Board confirms that the director of the Company have complied with the Model Code regarding directors' securities transactions during the year and up to the date of publication of the Annual Report.

3. AUDITORS' REMUNERATION

For the financial year, SHINEWING (HK) CPA Limited is the auditors of the Company. Fee paid or payable to the auditor for audit service provided to the Group is approximately HK$498,000. The Company has also engaged the auditor for the provision of non-audit service in relation to the very substantial acquisition during the year. Fees payable for this non-audit services will amount to HK$1,600,000, of which HK$500,000 has been paid during the year. The auditors' remuneration has been duly approved by the Audit Committee and there was no disagreement between the Board and the Audit Committee on the selection and appointment of the auditor.

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF ABC COMMUNICATIONS (HOLDINGS) LIMITED
佳訊(控股)有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of ABC Communications (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 23 to 71, which comprise the consolidated statement of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

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

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which explains that the directors are taking steps to improve the liquidity position of the Group and the adoption of the going concern on which the consolidated financial statements have been prepared. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong
28 July 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	2010 HK$	2009 HK$
Continuing operation			
Turnover	8	**130,257,679**	108,878,606
Cost of sales		**(110,163,802)**	(89,506,169)
Gross profit		**20,093,877**	19,372,437
Other income	9	**4,624**	693,698
Other gains – net	10	**8,239,591**	111,309
Selling and distribution costs		**(1,378,852)**	(1,278,489)
General and administrative expenses		**(21,562,596)**	(23,637,464)
Finance costs	11	**(8,317,385)**	(11)
Loss before tax	12	**(2,920,741)**	(4,738,520)
Income tax expense	14	**–**	–
Loss for the year from continuing operation		**(2,920,741)**	(4,738,520)
Discontinued operation			
Profit for the year from discontinued operation	15	**–**	74,079,734
(Loss) profit for the year		**(2,920,741)**	69,341,214
Other comprehensive income			
Fair value change on available-for-sale financial assets		**–**	(16,566,478)
Disposal of available-for-sale financial assets		**–**	(2,350,727)
Release of investment revaluation reserve upon disposal of subsidiaries		**–**	(59,333,057)
Release of exchange reserve upon deregistration of a subsidiary		**68,010**	–
Other comprehensive income (expense) for the year		**68,010**	(78,250,262)
Total comprehensive expense for the year		**(2,852,731)**	(8,909,048)
(Loss) profit for the year attributable to:			
Owners of the Company		**(5,266,108)**	68,552,356
Minority interests		**2,345,367**	788,858
		(2,920,741)	69,341,214
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(5,198,098)**	(9,697,906)
Minority interests		**2,345,367**	788,858
		(2,852,731)	(8,909,048)
(Losses) earnings per share	17		
From continuing and discontinued operations			
– Basic and diluted		**(1.13) cents**	14.68 cents
From continuing operation			
– Basic and diluted		**(1.13) cents**	(1.19) cents

Consolidated Statement of Financial Position

As at 31 March 2010

	Notes	2010 HK$	2009 HK$
Non-current asset			
Property, plant and equipment	18	**1,601,441**	2,564,071
Current assets			
Trade receivables	19	**8,542,526**	8,214,018
Other receivables, deposits and prepayments		**2,642,336**	1,436,088
Deposit paid for acquisition of subsidiaries	20	**130,000,000**	–
Derivative financial assets	24	**21,807,425**	–
Bank balances and cash	21	**31,997,595**	22,581,847
		194,989,882	32,231,953
Current liabilities			
Trade and other payables	22	**15,428,481**	16,210,366
Advance subscriptions and licence fees received		**3,266,698**	3,449,084
Amount due to a director	23	**1,000,000**	–
Derivative financial liabilities	24	**1,925,220**	–
Convertible bonds	24	**123,801,392**	–
		145,421,791	19,659,450
Net current assets		**49,568,091**	12,572,503
Total assets less current liabilities		**51,169,532**	15,136,574
Capital and reserves			
Share capital	26	**4,775,360**	4,668,860
Reserves		**36,192,807**	2,611,716
Equity attributable to owners of the Company		**40,968,167**	7,280,576
Minority interests		**10,201,365**	7,855,998
Total equity		**51,169,532**	15,136,574

The consolidated financial statements on pages 23 to 71 were approved and authorised for issue by the board of directors on 28 July 2010 and are signed on its behalf by:

Lew Mon Hung
Director

Chen Jiasong
Director

Consolidated Statement of Changes In Equity

For the year ended 31 March 2010

	Attributable to owners of the Company													
	Share capital HK$	Share premium HK$	Capital redemption reserve HK$	Convertible bonds reserve HK$	Capital reserve HK$	General reserve HK$	Asset replacement reserve HK$	Investment revaluation reserve HK$	Contributed surplus HK$	Exchange reserve HK$	Retained earnings HK$	Sub-total HK$	Minority interests HK$	Total HK$
At 31 March 2008 and 1 April 2008	46,688,600	76,470,297	176,000	–	278,385	2,000,000	5,150,000	78,250,262	29,986,398	(68,010)	51,921,878	290,853,810	–	290,853,810
Profit for the year	–	–	–	–	–	–	–	–	–	–	68,552,356	68,552,356	788,858	69,341,214
Other comprehensive expenses	–	–	–	–	–	–	–	(78,250,262)	–	–	–	(78,250,262)	–	(78,250,262)
Total comprehensive (expense) income for the year	–	–	–	–	–	–	–	(78,250,262)	–	–	68,552,356	(9,697,906)	788,858	(8,909,048)
Capital Reduction (note 26)	(42,019,740)	–	–	–	–	–	–	–	42,019,740	–	–	–	–	–
Disposal of subsidiaries	–	–	–	–	(278,385)	(2,000,000)	(5,150,000)	–	–	–	7,428,385	–	7,067,140	7,067,140
Transfer of share premium to contributed surplus upon capital re-organisation (note 34(a))	–	(76,470,297)	–	–	–	–	–	–	76,470,297	–	–	–	–	–
Special dividends paid (note 16)	–	–	–	–	–	–	–	–	(148,476,435)	–	(125,398,893)	(273,875,328)	–	(273,875,328)
At 31 March 2009	4,668,860	–	176,000	–	–	–	–	–	–	(68,010)	2,503,726	7,280,576	7,855,998	15,136,574
(Loss) profit for the year	–	–	–	–	–	–	–	–	–	–	(5,266,108)	(5,266,108)	2,345,367	(2,920,741)
Other comprehensive income	–	–	–	–	–	–	–	–	–	68,010	–	68,010	–	68,010
Total comprehensive (expenses) income for the year	–	–	–	–	–	–	–	–	–	68,010	(5,266,108)	(5,198,098)	2,345,367	(2,852,731)
Recognition of equity component of convertible bonds	–	–	–	21,811,666	–	–	–	–	–	–	–	21,811,666	–	21,811,666
Issue of share on conversion of convertible bonds	106,500	16,967,523	–	(3,097,257)	–	–	–	–	–	–	3,097,257	17,074,023	–	17,074,023
At 31 March 2010	4,775,360	16,967,523	176,000	18,714,409	–	–	–	–	–	–	334,875	40,968,167	10,201,365	51,169,532

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	2010 HK$	2009 HK$
OPERATING ACTIVITIES		
Loss before tax – continuing operation	**(2,920,741)**	(4,738,520)
Profit before tax – discontinued operation	**–**	75,304,901
(Loss) profit before tax	**(2,920,741)**	70,566,381
Adjustments for:		
Amortisation of prepaid lease payments	**–**	241,146
Depreciation of property, plant and equipment	**1,592,912**	1,606,864
Dividend income from available-for-sale financial assets	**–**	(4,151,605)
Fair value gain on revaluation of an investment property	**–**	(8,050,000)
Fair value gain on derivative financial assets	**(7,926,637)**	–
Fair value gain on derivative financial liabilities	**(85,872)**	–
Finance cost	**8,317,385**	505,915
Gain on disposal of available-for-sale financial assets	**–**	(2,350,727)
Gain on disposal of property, plant and equipment	**(5,000)**	–
Gain on disposal of subsidiaries	**–**	(49,801,985)
Interest income	**(4,624)**	(2,368,769)
Loss on deregistration of a subsidiary	**15,114**	–
Waiver of other payables	**(237,414)**	–
Operating cash flows before movements in working capital	**(1,254,877)**	6,197,220
(Increase) decrease in trade receivables	**(328,508)**	2,751,832
Increase in other receivables, deposits and prepayments	**(1,206,248)**	(326,434)
Decrease in trade and other payables	**(490,538)**	(1,993,508)
(Decrease) increase in advance subscriptions and licence fees received	**(182,386)**	226,174
Decrease in customer deposits	**–**	(473,000)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(3,462,557)**	6,382,284
INVESTING ACTIVITIES		
Deposits paid for acquisition of subsidiaries	**(130,000,000)**	–
Purchases of property, plant and equipment	**(630,282)**	(1,496,147)
Net cash outflow from deregistration of a subsidiary	**(1,037)**	–
Proceeds from disposal of property, plant and equipment	**5,000**	–
Interest received	**4,624**	1,183,013
Net cash inflow from disposal of subsidiaries	**–**	224,041,942
Decrease in pledged deposits	**–**	7,148,185
Proceeds from disposal of available-for-sale financial assets	**–**	4,170,407
Dividends received from available-for-sale financial assets	**–**	4,151,605
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(130,621,695)**	239,199,005

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	2010 HK$	2009 HK$
FINANCING ACTIVITIES		
Proceeds from issue of convertible bonds	**150,000,000**	–
Advance from a director	**1,000,000**	–
Convertible bonds issue expenses paid	**(7,500,000)**	–
Dividends paid	**–**	(273,875,328)
Repayment of bank borrowings	**–**	(8,257,418)
Interest paid	**–**	(603,447)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**143,500,000**	(282,736,193)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**9,415,748**	(37,154,904)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**22,581,847**	59,736,751
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**31,997,595**	22,581,847

1. GENERAL INFORMATION

ABC Communications (Holdings) Limited (the "Company") is an investment holding company. The Company's subsidiaries (together with the Company collectively referred to as the "Group") are principally engaged in providing financial information services, wireless applications development and securities trading system licensing.

The Company is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Room 2912, 29/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

Its parent and ultimate parent is Asian Gold Dragon Limited, a company incorporated in the British Virgin Islands.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group as the Group has insufficient cash flows to fulfil the future financial obligation which will be due within a year. In view of the liquidity position of the Group, the directors of the Company have adopted the following measures with a view to maintain the Group's existence as a going concern basis and to improve the Group's overall financial and cash flow position:

(a) subsequent to the end of the reporting period, on 9 April 2010 and 17 May 2010, an aggregate of 11,000,000 ordinary shares of the Company with par value of HK$0.01 each were issued upon the partial conversion of convertible bonds in principal amount of HK$22,000,000 at a conversion price of HK$2 each. The conversion of convertible bonds has reduced the future financial obligation of the Group;

(b) the parent company of the Company, Asian Gold Dragon Limited, has undertaken to provide financial support to the Group as necessary to meet in full its financial obligation as they fall due in foreseeable future; and

(c) the Group continues to explore opportunities for different sources of financing to strengthen the Group's working capital position.

In the opinion of the directors of the Company, if the measures described above accomplish the expected results, the directors are satisfied that the Group will be able to have sufficient working capital to meet in full its financial obligations as they fall due in the foreseeable future and be able to return to a commercially viable concern. Accordingly, the directors of the Company considered that it is appropriate to prepare the consolidated financial statements on a going concern basis, notwithstanding the Group's financial position and tight cash flows as at 31 March 2010.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of the assets to their recoverable amounts, to provide further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

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

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

Hong Kong Accounting Standard ("HKAS") 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Interpretation ("Int") 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

In addition, in the current year, the Group has elected to early adopt the amendment to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* as part of improvements to HKFRSs 2009 (adopted in advance of effective date of 1 January 2010).

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

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the consolidated financial statements.

Amendments to HKFRS 7 Financial Instruments: Disclosures

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments. The amendments also expand and amend the disclosures required in relation to liquidity risk which has no impact on the consolidated financial statements of the Group.

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

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Details are set out in note 8.

Early adoption of amendment to HKFRS 5 as part of Improvements to HKFRSs 2009

The amendment has clarified that HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* has specified the disclosure required in respect of disposal groups classified as discontinued operations. Disclosures requirements in other HKFRSs do not generally apply to such disposal groups.

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[6]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedge Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

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

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

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

The directors of the Company anticipated that the application of the other new or revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

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

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

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

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Financial quotation subscription fee income is recognised on a straight-line basis over the subscription period.

Revenue from securities trading system licensing and wireless applications is recognised when services are rendered.

Deposits and instalments received from customers prior to meeting the above criteria on revenue recognition are included in the consolidated statement of financial position under current liabilities.

Interest income from a financial asset 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.

Rental income is recognised on a straight-line basis over the lease term.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment loss.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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 assets. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes 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 at the rate of exchange prevailing at the end of the reporting period, and their income and expenses 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 transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to the defined contribution retirement benefits schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income 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 difference. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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 investments and interests are only recognised to the extent that it is probable that will be sufficient taxable profits against which to utilise of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in 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. Deferred tax 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 deferred tax is also recognised in other comprehensive income or directly in equity respectively.

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 (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables and financial assets at fair value through profit or loss ("FVTPL"). 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets at FVTPL is classified as held for trading on initial recognition.

A financial asset is classified as held for trading if:

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

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

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

Financial assets at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial assets.

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 receivables, other receivables and deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment loss on financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one 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 financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- default or delinquency in interest or principal payments; or

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

For certain categories of financial asset, 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 due as well as 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 when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all 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 the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit and 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.

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 definition of a financial liability and an equity instrument.

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

– it has been incurred principally for the purpose of repurchasing in the near future; or

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

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

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

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

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

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

Convertible bonds

Convertible bonds issued by the Group that contain liability, conversion option and early redemption option which is not closely related to the host liability component are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. At the date of issue, both the liability and early redemption option components are measured at fair value. The difference between the gross proceeds of the issue of the convertible bonds and the fair values assigned to the liability and early redemption option components respectively, representing the conversion option for the holders to convert the bonds into equity, is included in equity (convertible bonds reserves).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The early redemption option is measured at fair values with changes in fair value recognised in profit or loss.

The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded conversion option is exercised (in which case the balance stated in convertible bonds reserve will be transferred to retained earnings). When the conversion option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Convertible bonds (Continued)

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability, equity and early redemption option 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 early redemption option are charged to profit or loss immediately. 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 bonds using the effective interest method.

Equity instruments

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

Embedded derivatives

Derivatives embedded in non-derivative host contacts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contacts are not measured at fair value with changes in fair value recognised in profit or loss.

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.

Impairment losses on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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 assets is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are 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 associated 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.

Critical judgements in applying the entity's accounting policies

The following is the critical judgement, apart from those involving estimation (see below), that the directors of the Company have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Going concern and liquidity

As explained in note 2 to the consolidated financial statements, the Group was lack of sufficient cash flows to meet in full its financial obligations as they fall due in the foreseeable future, this indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The directors of the Company are taking active steps to improve the liquidity position of the Group and details are set out in note 2. Should the Group be unable to raise new financing or other measures fail to improve the liquidity of the Group and the Group is unable to continue in business as a going concern, adjustments would be needed to reduce the carrying amounts of the assets of the Group to their recoverable amount and, to provide for further liabilities which might arise.

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.

Estimated impairment loss of trade receivables

The policy for making impairment loss on trade receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required. No impairment has been recognised for both of the years ended 31 March 2009 and 2010.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual value. The Group assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimates, such differences from the original estimates will affect the depreciation charges in the year in which the estimates change.

Fair value of derivatives financial instruments

The management of the Group uses their judgements in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivatives financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instruments. If the inputs and estimates applied in the model are different, the carrying amount of these derivatives may change.

6. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which included the convertible bonds as set out in note 24, bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Group structures its capital with due consideration to risk. The Group manages and adjusts its capital structure in the light of the changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, repurchase shares of the Company, issue new shares, or increase or reduce borrowings.

7. FINANCIAL INSTRUMENTS

7(a) Categories of financial instruments

	2010 HK$	2009 HK$
Financial assets		
FVTPL	**21,807,425**	–
Loans and receivables (including cash and cash equivalents)	**171,318,795**	31,435,903
Financial liabilities		
FVTPL	**1,925,220**	–
Other financial liabilities measured at amortised cost	**140,229,873**	16,210,366

7(b) Financial risk management objectives and policies

The Group's investment policy is to prudently invest all funds of the Group in a manner which will satisfy liquidity requirements, safeguard financial assets, and manage risks while optimising return on investments.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and other 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 risks to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Foreign exchange risk

Certain bank balances of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. The Group's exposure to currency risk is minimal as the foreign currencies balances are insignificant.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the zero coupon convertible bonds issued by the Group. The Group currently does not have any interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to the cash flow interest rate risk in relation to variable-rate bank balances (see note 21 for details). The Group's exposure to interest rate risk is minimal as the bank balances have a short maturity period.

7. FINANCIAL INSTRUMENTS (CONTINUED)

7(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk

The Group's derivative components of convertible bonds are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk.

At 31 March 2010, if the share price of the Company had increased or decreased by 10% with all other variables held constant and all the derivative components moved according to the historical correlation with the share price of the Company, the consolidated post-tax loss for the year would decrease by HK$4,580,708 or increase by HK$2,944,763 respectively, arising from changes in fair value of the derivative components of convertible bonds.

Credit risk

As at 31 March 2010, 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 policies in place to ensure that services are made to customers with appropriate credit history. In addition, the Group reviews the recoverable amount of each individual receivable balance at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The Group has concentration of credit risk as 58% (2009: 59%) and 79% (2009: 77%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 100% (2009: 100%) of the total trade receivables as at 31 March 2010.

7. FINANCIAL INSTRUMENTS (CONTINUED)

7(b) Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

As at 31 March 2010

	On demand or less than one year HK$	Total undiscounted cash flows HK$	Carrying amount at 31 March 2010 HK$
Trade and other payables	**15,428,481**	**15,428,481**	**15,428,481**
Amount due to a director	**1,000,000**	**1,000,000**	**1,000,000**
Convertible bonds	**167,310,000**	**167,310,000**	**123,801,392**
	183,738,481	**183,738,481**	**140,229,873**

As at 31 March 2009

	On demand or less than one year HK$	Total undiscounted cash flows HK$	Carrying amount at 31 March 2009 HK$
Trade and other payables	16,210,366	16,210,366	16,210,366

7. FINANCIAL INSTRUMENTS (CONTINUED)

7(c) Fair value

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

– the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and

– the fair values of derivative instruments are estimated using Trinomial Tree Pricing Model, as set out in note 24.

The directors of the Company consider that the fair values of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to the corresponding carrying amounts due to their short-term maturities.

Fair value measurement recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

– Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2010 Level 2 HK$
Financial assets at FVTPL	
Derivative financial assets	21,807,425
Financial liabilities at FVTPL	
Derivative financial liabilities	1,925,220

Significant assumption used in determining fair value of financial assets and liabilities

Convertible bonds

The fair value of the derivative financial assets and liabilities designated at FVTPL is determined assuming whenever it is optimum to exercise both the Company's redemption option and the convertible bonds holders' conversion options, the convertible bonds holders will have the priority to exercise their conversion options before the Company exercise its redemption option.

8. TURNOVER AND SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The chief operating decision maker of the Group has been identified as the Board of Directors. In contrast, the predecessor standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 had resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

Specifically, in prior years, segment information reported externally was analysed on the basis of the types of products and services provided by the Group's operating divisions (i.e. financial quotation and securities trading system licensing operation and wireless applications operation). However, information reported to the chief operating decision maker is more specifically focused on the resources allocation. The wireless applications segment separately disclosed in prior years is reclassified into the financial quotation and securities trading system licensing segment to consist with the way in which information is reported internally to the chief operating decision maker. The Group's operating and reportable segment under HKFRS 8 are therefore grouped into one segment of financial quotation and securities trading system licensing services.

The Group was involved in other business such as holding of corporate assets and liabilities under corporate activities and investment holdings in prior years, which are mainly comprised of the Group's property and securities investments operation. During the year ended 31 March 2009, the Group disposed of its property and securities investments business.

Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Financial quotation and securities trading system licensing		**Total**	
	2010	2009	**2010**	2009
	HK$	HK$	**HK$**	HK$
Turnover	**130,257,679**	108,878,606	**130,257,679**	108,878,606
Segment profit	**4,718,453**	5,229,342	**4,718,453**	5,229,342
Unallocated corporate income			**8,012,509**	395,908
Unallocated corporate expenses			**(7,334,318)**	(10,363,759)
Finance costs			**(8,317,385)**	(11)
Loss before tax (continuing operation)			**(2,920,741)**	(4,738,520)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by the segment without allocation of certain interest income, certain administrative expenses and finance costs.

8. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	2010 HK$	2009 HK$
Segment assets		
Continuing operation:		
Financial quotation and securities trading system licensing	**38,254,184**	34,528,956
Assets relating to discontinued operation	**–**	–
Unallocated corporate assets	**158,337,139**	267,068
Consolidated assets	**196,591,323**	34,796,024

	2010 HK$	2009 HK$
Segment liabilities		
Continuing operation:		
Financial quotation and securities trading system licensing	**17,435,072**	18,497,008
Liabilities relating to discontinued operation	**–**	–
Unallocated corporate liabilities	**127,986,719**	1,162,442
Consolidated liabilities	**145,421,791**	19,659,450

For the purpose of monitoring segment performance and allocating resources between segments:

– As at 31 March 2010, all assets are allocated to reportable segments other than certain other receivables and prepayments, deposit paid for acquisition of subsidiaries, derivative financial assets and certain bank balances and cash as these assets are managed on a group basis.

– As at 31 March 2010, all liabilities are allocated to reportable segments other than certain other payables, amount due to a director, derivative financial liabilities and convertible bonds as these liabilities are managed on a group basis.

8. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Other segment information

Other segment terms included in the consolidated statement of comprehensive income are as follows:

For the year ended 31 March 2010

	Continuing operation	Discontinued operation		
	Financial quotation and securities trading system licensing HK$	Property and securities investments HK$	Unallocated HK$	Total HK$
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation of property, plant and equipment	**1,592,912**	**–**	**–**	**1,592,912**
Additions to non-current assets (note)	**630,282**	**–**	**–**	**630,282**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Fair value gain on derivative financial assets	**–**	**–**	**(7,926,637)**	**(7,926,637)**
Fair value gain on derivative financial liabilities	**–**	**–**	**(85,872)**	**(85,872)**
Interest income	**(4,624)**	**–**	**–**	**(4,624)**
Finance costs	**–**	**–**	**8,317,385**	**8,317,385**
Loss on deregistration of subsidiaries	**15,114**	**–**	**–**	**15,114**

8. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

For the year ended 31 March 2009

	Continuing operation Financial quotation and securities trading system licensing HK$	Discontinued operation Property and securities investments HK$	Unallocated HK$	Total HK$
Amounts included in the measure of segment profit or loss or segment assets:				
Depreciation of property, plant and equipment	1,581,002	25,862	–	1,606,864
Amortisation of prepaid lease payments	–	241,146	–	241,146
Fair value gain on revaluation of an investment property	–	(8,050,000)	–	(8,050,000)
Gain on disposal of available-for-sale financial assets	–	(2,350,727)	–	(2,350,727)
Additions to non-current assets (note)	1,496,147	–	–	1,496,147
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Interest income	(134,198)	(1,949,972)	(284,599)	(2,368,769)
Finance costs	–	505,904	11	505,915

Note: Non-current assets excluded those relating to discontinued operations and financial instruments.

Geographical information

The Group's business divisions operate in Hong Kong. All turnover of the Group was generated in Hong Kong and all non-current assets are located in Hong Kong.

8. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Revenue from major product and services

The following is an analysis of the Group's revenue from continuing operation from its major products and services:

	2010 HK$	2009 HK$
Revenue from financial quotation and securities trading system licensing services	**129,701,815**	108,224,085
Revenue from wireless applications	**555,864**	654,521
	130,257,679	108,878,606

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total sales of the Group are as follows:

	Year ended	
	2010 HK$	2009 HK$
Customer A (Note)	**85,729,726**	64,263,563

Note: Revenue from financial quotation and securities trading system licensing services.

9. OTHER INCOME

	2010 HK$	2009 HK$
Continuing operation		
Interest income	**4,624**	418,797
Others	**–**	274,901
	4,624	693,698

10. OTHER GAINS – NET

	2010 HK$	2009 HK$
Continuing operation		
Fair value gain on derivative financial assets	**7,926,637**	–
Fair value gain on derivative financial liabilities	**85,872**	–
Waiver of other payables	**237,414**	–
Gain on disposal of property, plant and equipment	**5,000**	–
Loss on deregistration of a subsidiary (note 28)	**(15,114)**	–
Exchange (loss) gain	**(218)**	111,291
Others	**–**	18
	8,239,591	111,309

11. FINANCE COSTS

	2010 HK$	2009 HK$
Continuing operation		
Imputed interest expenses on convertible bonds	**8,317,385**	–
Interest on bank overdraft	**–**	11
	8,317,385	11

12. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	2010 HK$	2009 HK$
Continuing operation		
Auditors' remuneration		
– Current year	**490,000**	390,000
– Under-provision in prior year	**8,000**	–
Depreciation of property, plant and equipment	**1,592,912**	1,581,002
Employee benefit expenses (note 13)	**14,514,688**	12,598,336
Lease payments under operating leases	**2,231,718**	535,506

13. EMPLOYEE BENEFIT EXPENSES

	2010 HK$	2009 HK$
Wages, salaries and other benefits (including directors' remunerations)	**14,146,323**	12,131,701
Retirement benefit costs (excluding directors' remunerations)		
– defined contribution scheme (note a)	**368,365**	506,372
– refund of forfeited contributions	**–**	(39,737)
	14,514,688	12,598,336

(a) Retirement benefit costs – defined contribution scheme

No forfeited contributions was available at the end of the reporting period to reduce future contributions (2009: HK$35,718).

Contributions totalling HK$57,162 (2009: HK$52,148) were payable to the funds at the end of the reporting period.

(b) Directors' and senior executives' emoluments

The remuneration of every director for the year ended 31 March 2010 is set out below:

Name of director	Fees HK$	Salary HK$	Employer's contribution to provident fund HK$	Total HK$
Executive directors				
Cheung Wai Shing	–	547,000	13,000	560,000
Chen Jiasong	550,000	–	–	550,000
Wang Zhi Gang (Appointed on 2 June 2009)	300,000	–	–	300,000
Dr. Lew Mon Hung (Appointed on 31 July 2009)	800,000	193,212	–	993,212
Jing Zhanbin (Resigned on 5 June 2009)	–	–	–	–
Dr. Daniel K. Wong M.D., A.K.A. Huang Jin Bo (Appointed on 7 August 2009 and resigned on 18 September 2009)	60,000	–	–	60,000
Wang Sen Hao (Appointed on 2 June 2009 and resigned on 31 July 2009)	–	–	–	–
	1,710,000	740,212	13,000	2,463,212

13. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Directors' and senior executives' emoluments (Continued)

The remuneration of every Director for the year ended 31 March 2010 is set out below:

Name of director	Fees HK$	Salary HK$	Employer's contribution to provident fund HK$	Total HK$
Independent non-executive directors				
Tsang Kwok Wai	**120,000**	**–**	**–**	**120,000**
Lee Kwong Yiu (Appointed on 19 June 2009)	**94,000**	**–**	**–**	**94,000**
Zhang Guang Hui (Appointed on 19 June 2009)	**94,000**	**–**	**–**	**94,000**
Ye Zhiqiang (Resigned on 5 June 2009)	**–**	**–**	**–**	**–**
Anthony Michael Bough (Resigned on 5 June 2009)	**21,600**	**–**	**–**	**21,600**
	329,600	**–**	**–**	**329,600**

The remuneration of every Director for the year ended 31 March 2009 is set out below:

Name of director	Fees HK$	Salary HK$	Employer's contribution to provident fund HK$	Total HK$
Executive directors				
Jing Zhanbin (Appointed on 18 September 2008)	–	–	–	–
Cheung Wai Shing (Appointed on 28 August 2008)	–	280,000	7,000	287,000
Chen Jiasong (Appointed on 29 October 2008)	–	–	–	–
Yeung Shuk Kwan, Patricia (Resigned on 18 September 2008)	5,000	556,667	55,667	617,334
George Joseph Ho (Resigned on 18 September 2008)	5,000	167,000	16,700	188,700
Joey Fan (Resigned on 18 September 2008)	5,000	226,162	9,296	240,458
	15,000	1,229,829	88,663	1,333,492

13. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Directors' and senior executives' emoluments (Continued)

The remuneration of every Director for the year ended 31 March 2009 is set out below:

Name of director	Fees HK$	Salary HK$	Employer's contribution to provident fund HK$	Total HK$
Non-executive directors				
Tse Chi Hung, Michael (Resigned on 18 September 2008)	15,000	178,133	–	193,133
George Ho (Resigned on 18 September 2008)	15,000	–	–	15,000
Leung Kwok Kit (Resigned on 18 September 2008)	15,000	–	–	15,000
	45,000	178,133	–	223,133
Independent non-executive directors				
Ye Zhiqiang (Appointed on 18 September 2008)	32,500	–	–	32,500
Anthony Michael Bough (Appointed on 18 September 2008)	66,000	–	–	66,000
Tsang Kwok Wai (Appointed on 18 September 2008)	66,000	–	–	66,000
Fu Hau Chak, Adrian (Resigned on 18 September 2008)	15,000	–	–	15,000
Li Kwok Sing, Aubrey (Resigned on 18 September 2008)	15,000	–	–	15,000
Kwok Chi Hang, Lester, JP (Resigned on 18 September 2008)	15,000	–	–	15,000
	209,500	–	–	209,500

No emoluments were paid by the Group to any directors or senior executives of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office for two years ended 31 March 2010 and 2009.

No director or senior executives waived or agreed to waive his emoluments in the two years ended 31 March 2010 and 2009.

13. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(c) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2009: one) was director of the Company whose emoluments are disclosed in note (b) above. The emoluments of the remaining three (2009: four) individuals were as follows:

	2010 HK$	2009 HK$
Basic salaries, housing allowances, other allowances and benefits in kind	**1,923,600**	3,400,483
Contributions to retirement schemes	**24,000**	103,667
	1,947,600	3,504,150

The emoluments fell within the following band:

	Number of individuals 2010	2009
HK$0 – HK$1,000,000	**3**	4

14. INCOME TAX EXPENSE

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

No provision for Hong Kong Profits Tax has been made as the assessable profit are offset by allowable tax loss brought forward for the year ended 31 March 2010 (2009: nil).

The tax expense for the years can be reconciled to the loss before tax from continuing operation per the consolidated statement of comprehensive income as follow:

	2010 HK$	2009 HK$
Loss before tax from continuing operation	**(2,920,741)**	(4,738,520)
Calculated at a tax rate of 16.5% (2009: 16.5%)	**(481,922)**	(781,856)
Tax effect of income not taxable for tax purpose	**(1,362,000)**	(1,725,621)
Tax effect of expenses not deductible for tax purpose	**1,504,165**	2,811,229
Tax effect of tax losses not recognised	**1,141,033**	668,801
Utilisation of tax losses previously not recognised	**(801,276)**	(972,553)
Income tax expense	**–**	–

Details of the deferred income tax are set out in note 25.

15. DISCONTINUED OPERATION

On 2 May 2008, the Company entered into an agreement to dispose of its entire interest in ABC Global Limited and its subsidiaries ("ABC Global Group"), which carried out of the Group's property and securities investments operations. The disposal was completed on 20 August 2008 on which date control of ABC Global Limited passed to the acquirer.

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

	2010	2009
	HK$	HK$
Profit from property and securities investments operation	**–**	24,277,749
Gain on disposal of property and securities investments operation (note 29)	**–**	49,801,985
	–	74,079,734

The results of the property and securities investments operation for the period from 1 April 2008 to 20 August 2008, which have been included in the consolidated statement of comprehensive income, were as follows:

	1.4.2008 to 20.8.2008
	HK$
Other income	7,049,355
Other gains – net	19,578,625
General and administrative expenses	(619,160)
Finance costs	(505,904)
Profit before tax	25,502,916
Income tax expense	(1,225,167)
Profit for the period attributable to owners of the Company	24,277,749

15. DISCONTINUED OPERATION (CONTINUED)

Profit for the year from discontinued operation for the year ended 31 March 2009 has been arrived at after charging (crediting):

	HK$
Amortisation of prepaid lease payment	241,146
Depreciation of property, plant and equipment	25,862
Dividend income from available-for-sale financial assets	(4,151,605)
Exchange gains	(9,177,898)
Fair value gain on revaluation of an investment property	(8,050,000)
Gain on disposal of available-for-sale financial assets	(2,350,727)
Interest income	(1,949,972)
Rental income from investment property (net of direct outgoings of HK$277,028)	(947,778)

No tax charge or credit arose on gain on discontinuance of the operations.

During the year ended 31 March 2009, ABC Global Group derived net operating cash inflows to the Group of HK$5,221,191, received HK$16,234,413 in respect of investing activities and paid HK$8,860,854 in respect of financing activities.

The carrying amounts of the assets and liabilities of ABC Global Group at the date of disposal are disclosed in note 29.

16. DIVIDENDS

	2010 HK$	2009 HK$
Special dividend (note)	–	273,875,328

Note:

By the resolution passed at the special general meeting of the Company held on 11 August 2008, it was resolved that a special dividend amounts to HK$273,875,328, which was equivalent to approximately HK58.66 cents per share, was declared and paid out from the distributable reserves of the Company upon the completion of the disposal of ABC Global Group.

The directors of the Company do not propose any final or interim dividend for the year (2009: nil).

17. (LOSSES) EARNINGS PER SHARE

The calculation of basic and diluted (losses) earnings per share attributable to owners of the Company is based on the following data:

From continuing and discontinued operations

	2010 HK$	2009 HK$
(Losses)/earnings		
(Loss) profit for the year attributable to owners of the Company	**(5,266,108)**	68,552,356
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (losses) earnings per share	**467,323,671**	466,886,000

From continuing operation

The calculation of basic and diluted (losses) earnings per share from continuing operation attributable to equity holders of the Company is based on the following data:

	2010 HK$	2009 HK$
(Loss) profit for the year attributable to owners of the Company	**(5,266,108)**	68,552,356
Less: profit for the year from discontinued operation attributable to equity holders of the Company (note 15)	**–**	(74,079,734)
Losses for the purpose of basic losses per share from continuing operation	**(5,266,108)**	(5,527,378)

From discontinued operation

Basic earnings per share for discontinued operation was HK15.87 cents for the year ended 31 March 2009 based on the profit for the year from the discontinued operation of approximately HK$74,079,734 and the denominators detailed above for basic earnings per share for the year ended 31 March 2009.

The computation of diluted loss per share for the year ended 31 March 2010 does not assume the conversion of the Group's outstanding convertible bonds since their exercise would result in an decrease in loss per share from continuing operation.

No diluted earnings (losses) per share for the year ended 31 March 2009 had been presented as the Group has neither outstanding share options nor convertible bonds as at 31 March 2009.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Computer equipment	Furniture and fixtures	Total
	HK$	HK$	HK$	HK$	HK$
COST					
At 1 April 2008	1,439,027	11,067,548	12,278,689	2,748,594	27,533,858
Additions	–	478,605	963,082	54,460	1,496,147
Disposals	–	–	(819,459)	–	(819,459)
Disposal of subsidiaries	(1,439,027)	(11,067,548)	(501,249)	(2,208,230)	(15,216,054)
At 31 March 2009 and 1 April 2009	–	478,605	11,921,063	594,824	12,994,492
Additions	–	–	630,282	–	630,282
Disposals	–	–	(689,489)	–	(689,489)
At 31 March 2010	**–**	**478,605**	**11,861,856**	**594,824**	**12,935,285**
ACCUMULATED DEPRECIATION					
At 1 April 2008	42,324	11,067,548	9,620,484	2,712,562	23,442,918
Provided for the year	17,635	66,072	1,507,582	15,575	1,606,864
Eliminated on disposals	–	–	(819,459)	–	(819,459)
Disposal of subsidiaries	(59,959)	(11,067,548)	(490,556)	(2,181,839)	(13,799,902)
At 31 March 2009 and 1 April 2009	–	66,072	9,818,051	546,298	10,430,421
Provided for the year	–	159,535	1,414,194	19,183	1,592,912
Eliminated on disposals	–	–	(689,489)	–	(689,489)
At 31 March 2010	**–**	**225,607**	**10,542,756**	**565,481**	**11,333,844**
CARRYING VALUES					
At 31 March 2010	**–**	**252,998**	**1,319,100**	**29,343**	**1,601,441**
At 31 March 2009	–	412,533	2,103,012	48,526	2,564,071

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	25-40 years
Leasehold improvements	3 years
Computer equipment	3 years
Furniture and fixtures	3-5 years

19. TRADE RECEIVABLES

	2010 HK$	2009 HK$
Trade receivables	**8,542,526**	8,214,018

Trade receivables are due upon the date of invoices. As at 31 March 2010, trade receivables of HK$8,542,526 (2009: HK$8,214,018) were past due but not impaired. These related to a number of independent customers from whom there no recent history of default. The Group did not hold any collateral over these balances.

The aging analysis of these trade receivables is as follows:

	2010 HK$	2009 HK$
0 – 3 months	**8,326,649**	7,944,241
4 – 6 months	**206,327**	149,789
Over 6 months	**9,550**	119,988
	8,542,526	8,214,018

20. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES

On 12 October 2009, the Group entered into an acquisition agreement with an independent third party regarding the acquisition of a gold smelting and refinery business in the PRC (the "Proposed Acquisition"). According to the acquisition agreement, the Group will acquire the entire issued share capital and all shareholders' loans of the target company from the vendor for a total consideration of HK$380 million. A refundable cash deposit of HK$130 million has been paid to the vendor during the year ended 31 March 2010. Details of the transaction have been set out in the Company's announcement dated 11 February 2010. The Proposed Acquisition has not been completed as at 31 March 2010.

21. BANK BALANCES AND CASH

	2010 HK$	2009 HK$
Cash at bank and in hand	**31,997,595**	7,575,846
Short-term bank deposits	**–**	15,006,001
	31,997,595	22,581,847

Cash at bank carries interest at prevailing market rate for both years.

As at 31 March 2009, the effective interest rate on short-term bank deposits was 0.02%. These deposits had an average maturity of 40 days.

The carrying amounts of the bank balances and cash are denominated in the following currencies:

	2010 HK$	2009 HK$
Hong Kong Dollar	**31,914,970**	22,480,821
Renminbi	**82,625**	99,990
Others	**–**	1,036
	31,997,595	22,581,847

22. TRADE AND OTHER PAYABLES

	2010 HK$	2009 HK$
Trade payables (note (a))	**13,187,887**	13,498,391
Other payables and accrued charges	**1,632,193**	2,572,674
Amount due to ultimate holding company (note (b))	**608,401**	139,301
	15,428,481	16,210,366

(a) The aging of trade payables were within 3 months as at both 31 March 2010 and 2009.

(b) The amount due to ultimate holding company is unsecured, interest-free and repayable on demand.

(c) The average credit period of 45 days is granted by the service providers. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

23. AMOUNT DUE TO A DIRECTOR

The amount is unsecured, interest-free and repayable on demand.

24. CONVERTIBLE BONDS

On 9 December 2009, the Company issued convertible bonds ("CB") to independent third parties in the principal amount of HK$150,000,000 with maturity date on 9 December 2010. The CB bears no coupon interest and is unsecured.

The effective interest rate of the liability component is 21.35%.

The principal terms of the CB are as follow:

– Conversion rights are exercisable at any time during the period commencing from the beginning of the fourth month from the date of issue of the CB up to (but excluding) the period of five business days ending on the maturity date.

– The holders of the CB are entitled to convert the CB into ordinary shares of the Company at an initial conversion price of HK$2 per ordinary share.

– If any of the CB has not been converted, it will be redeemed on the maturity date at a redemption amount equal to 110% of the principal amount of such CB.

– During the period commencing from the beginning of the fourth month from the date of issue up to the maturity date, the Company may by notice redeem whole or part of the outstanding CB at an amount equal to 130% of the principal amount of such CB.

– During the period commencing from the beginning of the fourth month from the date of issue up to the maturity date, the holder of CB may request the Company to redeem such amount of the outstanding CB at an amount equal to 110% of such CB.

The CB contains three components: liability component, equity component and derivative component.

The Company's and the CB holders' early redemption options embedded in the CB were presented in the consolidated statement of financial position as "Derivative financial assets" and "Derivative financial liabilities" respectively at 31 March 2010 and was measured at fair value with changes in fair value recognised in profit or loss.

The CB in the principal amount of HK$21,300,000 were converted into 10,650,000 new ordinary shares of the Company at the conversion price of HK$2 per share on 16 March 2010. As at 31 March 2010, the remaining principal amount of CB is HK$128,700,000. 64,350,000 potential shares can be issued upon conversion of the remaining CB.

24. CONVERTIBLE BONDS (CONTINUED)

The movement of the liability, equity and derivatives components of the CB during the year is set out below:

	Liability HK$	Derivative financial assets HK$	Derivative financial liabilities HK$	Equity HK$	Total HK$
As at 31 March 2009 and 1 April 2010	–	–	–	–	–
Issued during the year	143,129,771	(17,653,693)	2,368,745	22,155,177	150,000,000
Transaction costs	(7,156,489)	–	–	(343,511)	(7,500,000)
Change in fair value	–	(7,926,637)	(85,872)	–	(8,012,509)
Conversion to shares during the year	(20,489,275)	3,772,905	(357,653)	(3,097,257)	(20,171,280)
Imputed interest expense	8,317,385	–	–	–	8,317,385
As at 31 March 2010	**123,801,392**	**(21,807,425)**	**1,925,220**	**18,714,409**	**122,633,596**

At the dates of issue and conversion of the CB, and at 31 March 2010, the fair values of the derivative financial assets and liabilities were valued by the Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. The fair values of the derivative financial assets and liabilities are calculated using the Trinomial Tree Pricing Model. The inputs into the model were as follows:

	At 31.3.2010	At 16.3.2010	At 9.12.2009
Share price	**HK$2.18**	**HK$2.25**	HK$2.93
Conversion price	**HK$2.00**	**HK$2.00**	HK$2.00
Expected volatility (note a)	**112.65%**	**113.93%**	116.39%
Expected life (note b)	**253 Days**	**268 Days**	365 Days
Risk free rate (note c)	**0.17%**	**0.20%**	0.11%
Expected dividend yield (note d)	**Nil**	**Nil**	Nil

Note:

(a) Expected volatility was determined by calculating the historical volatility of the Company's share price.

(b) Expected life was the expected remaining life of the option.

(c) The risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes.

(d) The expected dividend yield was based on the historical dividend payment record of the Company.

25. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The gross movement on the deferred income tax account is as follows:

	2010 **HK$**	2009 HK$
Beginning of the year	**–**	1,272,831
Charged to statement of comprehensive income	**–**	1,225,167
Disposal of subsidiaries (note 29)	**–**	(2,497,998)
End of the year	**–**	–

The movement in deferred tax assets and liabilities during the years, without taking consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities:

	Accelerated tax depreciation HK$
At 1 April 2008	3,503,110
Effect of change in tax rate	(200,178)
Charged to the statement of comprehensive income	1,204,760
Disposal of subsidiaries	(4,507,692)
At 31 March 2009, 1 April 2009 and 31 March 2010	–

Deferred tax assets:

	Decelerated tax depreciation HK$	**Tax losses** HK$	**Total** HK$
At 1 April 2008	(116,381)	(2,113,898)	(2,230,279)
Effect of change in tax rate	6,650	120,794	127,444
Charged to the statement of comprehensive income	–	93,141	93,141
Disposal of subsidiaries	109,731	1,899,963	2,009,694
At 31 March 2009, 1 April 2009 and 31 March 2010	–	–	–

At the end of the reporting period, the Group had unused tax losses of approximately HK$133,181,000 (2009: HK$131,121,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

26. SHARE CAPITAL

	2010 No. of shares	2010 Amount HK$	2009 No. of shares	2009 Amount HK$
Authorised:				
Ordinary shares of HK$0.01 each (31.3.2009: HK$0.01 each; 1.4.2008: HK$0.10 each)				
At 1 April	**6,000,000,000**	**60,000,000**	600,000,000	60,000,000
Subdividing of authorised but unissued shares (note (ii))	**–**	**–**	5,400,000,000	–
At 31 March	**6,000,000,000**	**60,000,000**	6,000,000,000	60,000,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each (31.3.2009: HK$0.01 each; 1.4.2008: HK$0.10 each)				
At 1 April	**466,886,000**	**4,668,860**	466,886,000	46,688,600
Capital Reduction (note (i))	**–**	**–**	–	(42,019,740)
Issue of share on conversion of convertible bonds (note 24)	**10,650,000**	**106,500**	–	–
At 31 March	**477,536,000**	**4,775,360**	466,886,000	4,668,860

By a resolution passed at a special general meeting of the Company held on 11 August 2008, the Company has carried out the following in relation to the capital reduction:

(i) the reduction of the nominal value of each issued share from HK$0.10 to HK$0.01 by the cancellation of HK$0.09 from the paid-up capital on each issued share and has transferred the credit arising therefrom to the contributed surplus account of the Company; and

(ii) the authorised share capital of the Company has been sub-divided by subdividing each of the authorised shares of HK$0.10 each in the capital of the Company into 10 new shares of HK$0.01 each in the capital of the Company.

On 16 March 2010, 10,650,000 ordinary shares of the Company with par value of HK$0.01 each were issued upon the partial conversion of CB in principal amount of HK$21,300,000 at a conversion price of HK$2 each.

All the above shares rank pari passu in all aspects with other shares in issue.

27. SHARE OPTION SCHEME

Under the share option scheme (the "Share Option Scheme") approved by the shareholders at a special general meeting of the Company held on 27 March 2002 (the "Adoption Date"), the Directors may, at their discretion, invite any participants to take up options to subscribe for fully paid ordinary shares ("Shares") in the Company subject to the terms and conditions stipulated therein.

Details of the Share Option Scheme are as follows:

(i) Purpose

The purpose of the Share Option Scheme is to provide incentives or rewards to Participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity.

(ii) Participants

The Directors may, at their discretion, invite any Participant including any executive director, non-executive director or employee (whether full time or part time), shareholder, supplier, customers, consultant, adviser, other service provider or any joint venture partner, business or strategic alliance partner, in each case, of the Company, any subsidiary of the Company or any Invested Entity, to take up options to subscribe for Shares in the Company.

(iii) Maximum number of shares

(1) 30% Limit

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme of the Company must not exceed 30% of the Shares in issue from time to time (the "Scheme Limit").

(2) 10% Limit

In addition to the Scheme Limit, and subject to the following, the total number of shares which may be issued upon exercise of all options granted under the Share Option Scheme of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Scheme (excluding any options which have lapsed) (the "Scheme Mandate Limit").

The Company may, from time to time, renew the Scheme Mandate Limit by obtaining the approval of its shareholders in general meeting. The Company may also seek separate approval by its shareholders in general meeting for granting options beyond the renewed Scheme Mandate Limit provided the options in excess of such limit are granted only to Participants specifically identified.

(iv) Maximum Entitlement of Each Participant

Unless approved by shareholders of the Company, the total number of securities issued and to be issued upon exercise of the options granted to each Participant (including both exercised and outstanding options) in any 12 month period must not exceed 1% of the Shares in issue. Where any further grant of options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such further grant representing in aggregate over 1% of the relevant class of securities in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Participant and his associates abstaining from voting.

27. SHARE OPTION SCHEME (CONTINUED)

(v) Price of Shares

The exercise price must be at least the higher of: (a) the nominal value of a Share at the date of grant; (b) the closing price of a Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

(vi) Amount payable upon acceptance of the option

Acceptance of an offer of the grant of an option shall be by the delivery to and receipt by the Company at its registered office of the form of acceptance sent to the Participant duly completed and signed by the Participant together with a remittance of HK$10.

(vii) Time of Exercise of Option

An option shall be exercisable at such time(s) or during such period(s) and subject to such terms, as the Directors may, at their discretion specify, provided that no option shall be exercisable no earlier than one month after and no later than ten years after its date of grant. Unless otherwise determined by the Directors at their sole discretion, there is no requirement of a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

(viii) The remaining life of the Share Option Scheme

The life of the Share Option Scheme is 10 years commencing on the Adoption Date and will end on 26 March 2012.

(ix) Shares available for issue under the Share Option Scheme

No share option has been granted, exercised or lapsed under the Share Option Scheme during both years ended 31 March 2010 and 2009.

There is no outstanding options under the Share Option Scheme as at 31 March 2010 (2009: nil).

28. DEREGISTRATION OF A SUBSIDIARY

On 8 July 2009, an overseas subsidiary of the Company, QPI (Philippines) Inc. has been deregistrated in the Philippines. The net liabilities of the subsidiary at the date of deregistration were as follows:

	HK$
Net liabilities disposed of:	
Bank balances	1,037
Other payables	(53,933)
	(52,896)
Loss realised from the release of exchange reserve	68,010
	15,114
Loss on deregistration (note 10)	(15,114)
Total cash consideration	–
Net cash outflow arising on deregistration:	
Bank balances disposed of	1,037

29. DISPOSAL OF SUBSIDIARIES

On 2 May 2008, the Company entered into an agreement to dispose of its entire interest in ABC Global Group, which carried out of the Group's property and securities investment operation. The disposal was completed on 20 August 2008 on which date control of ABC Global Limited passed to H.C.B.C. Enterprises Limited, former intermediate holding company of the Company. The net assets of these subsidiaries at the date of disposals were as follows:

	ABC Global Group HK$
Net assets disposed of:	
Property, plant and equipment	1,416,152
Investment properties	27,700,000
Prepaid lease payments	15,946,735
Available-for-sale financial assets	164,525,401
Interests in an associate (note)	7,067,140
Other receivables, deposits and prepayment	3,001,032
Pledged bank deposits	113,121,081
Bank balances and cash	28,258,058
Other payables	(553,610)
Bank borrowings	(96,152,919)
Deferred income tax liabilities	(2,497,998)
	261,831,072
Gain realised from the release of investment revaluation reserve	(59,333,057)
	202,498,015
Gain on disposal (note 15)	49,801,985
Total cash consideration	252,300,000
Net cash inflow arising on disposal:	
Cash consideration	252,300,000
Bank balances and cash disposed of	(28,258,058)
	224,041,942

Note:

The interests in an associate represent the 49% interest in Choudary Limited ("Choudary"), a 51% owned subsidiary of the Company as at 31 March 2009, held by ABC Global Limited. Upon the disposal of ABC Global Group, the Company had also disposed of its 49% interest in Choudary to the acquirer. In the opinion of the directors of the Company, the Group retains the control over Choudary subsequent to the completion of the disposal.

The impact of ABC Global Group on the Group's results and cash flows in the prior period is disclosed in note 15.

30. OPERATING LEASES COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2010	2009
	HK$	HK$
Within one year	**1,354,512**	1,103,976
In the second to fifth years inclusive	**634,030**	183,996
	1,988,542	1,287,972

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for an average term of two years and rentals are fixed for an average of two years.

The Group as lessor

Property rental income earned during the year ended 31 March 2009 was HK$947,778. The Group's investment property held for rental purposes has been disposed of together with the disposal of subsidiaries during the year ended 31 March 2009. The Group therefore did not generate any rental income for the year ended 31 March 2010 and did not have committed operating lease rental receivables as at both 31 March 2009 and 2010.

31. CAPITAL COMMITMENTS

	2010	2009
	HK$	HK$
Capital commitment in respect of the acquisition of subsidiaries:		
– Contracted but not provided for	**250,000,000**	–

As set out in note 20 and the Company's announcement dated 11 February 2010, on 12 October 2009, the Group entered into an acquisition agreement with, an independent third party regarding the Proposed Acquisition. According to the acquisition agreement, the Group will acquire the entire issued share capital and all shareholders' loans of the target company from the vendor for a total consideration of HK$380 million. A refundable cash deposit of HK$130 million has been paid to the vendor during the year ended 31 March 2010.

32. RELATED PARTY TRANSACTIONS

(a) The balance with the Company's related companies and the transaction with the Company's former intermediate holding company are disclosed in notes 22 (b) and 29, respectively.

(b) Compensation of directors and key management personnel

	2010 **HK$**	2009 HK$
Salaries and other short-term benefits	**2,779,812**	4,435,618
Post-employment benefits	**13,000**	112,663
	2,792,812	4,548,281

The remunerations of directors and key executives are determined by the Remuneration Committee having regards to the performance of individuals and market trends.

33. RETIREMENT BENEFITS PLANS

Mandatory Provident Fund Scheme

The Group also joins a mandatory provident fund scheme ("the MPF Scheme") under the MPF Ordinance. Where staff elects to join the MPF Scheme, both the Group and staff are required to contribute 5% of the employees' relevant income (capped at HK$2,000 per month). Contributions from the employer are 100% vested in the employees as soon as they are paid to the relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 subject to certain exceptions. Staff may elect to contribute more than the minimum as a voluntary contribution.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2010 HK$	2009 HK$
Non-current asset		
Interests in subsidiaries	**8,178,211**	8,176,651
Current assets		
Other receivables, deposits and prepayments	**996,180**	144,317
Deposit paid for acquisition of subsidiaries	**130,000,000**	–
Derivative financial assets	**21,807,425**	–
Bank balances and cash	**5,555,375**	122,751
	158,358,980	267,068
Current liabilities		
Other payables	**1,251,339**	1,154,374
Amount due to a director	**1,000,000**	–
Derivative financial liabilities	**1,925,220**	–
Convertible bonds	**123,801,392**	–
	127,977,951	1,154,374
Net current assets (liabilities)	**30,381,029**	(887,306)
Total assets less current liabilities	**38,559,240**	7,289,345
Capital and reserves		
Share capital (note (a) & (b))	**4,775,360**	4,668,860
Share premium (note (a) & (b))	**16,967,523**	–
Capital redemption reserve	**176,000**	176,000
Convertible bonds reserve	**18,714,409**	–
(Accumulated loss) retained earnings	**(2,074,052)**	2,444,485
Total equity	**38,559,240**	7,289,345

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Notes:

(a) By a resolution passed at the special general meeting of the Company held on 11 August 2008, the Company has carried into effect a capital reorganisation to facilitate the distribution of a special dividend of HK$0.5866 per share (see note 16). The capital reorganisation involved:

(i) the reduction of the nominal value of each issued share from HK$0.10 to HK$0.01 by the cancellation of HK$0.09 from the paid-up capital on each issued share and to transfer the credit arising therefrom to the contributed surplus account of the Company;

(ii) the authorised but unissued share capital of the Company be sub-divided by subdividing each of the authorised but unissued shares of HK$0.10 each in the capital of the Company into 10 new shares of HK$0.01 each in the capital of the Company; and

(iii) the reduction of the share premium account of the Company to zero and to transfer the credit arising therefrom to the contributed surplus account of the Company.

(b) 10,650,000 ordinary shares of the Company were issued upon the conversion of convertible bonds during the year (see note 26).

35. PARTICULAR OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2010 and 2009 are as follows:

Name of company	Place of incorporation/ operation	Issued and paid up capital	Class of shares held	Interest held Directly	Interest held Indirectly	Principal activities
ABC QuickSilver Limited	British Virgin Islands/ Hong Kong	US$25	Ordinary	–	50.97%	Wireless application development
Choudary	British Virgin Islands/ Hong Kong	US$11,621	Ordinary	51%	–	Investment holding
QuotePower International Limited	Hong Kong	HK$67,264,000	Ordinary	–	50.97%	Financial information services and securities trading system licensing

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group.

None of the subsidiaries has issued any debt securities at the end of the year (2009: nil).

36. EVENTS AFTER THE REPORTING PERIOD

(i) On 9 April 2010 and 17 May 2010, an aggregate of 11,000,000 ordinary shares of the Company with par value of HK$0.01 each were issued upon the partial conversion of CB in principal amount of HK$22,000,000 at a conversion price of HK$2 each.

(ii) On 23 April 2010, the Company and the vendor entered into a supplemental agreement supplementing to the acquisition agreement related to the Proposed Acquisition of which the details has been set out in note 20. Pursuant to this supplemental agreement, the Company and the vendor have agreed to extend the deadline for the fulfillment of the conditions to the Proposed Acquisition from 27 April 2010 to 30 July 2010.

Five-Year Financial Summary

	2006 (Restated) HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010 HK$'000**
Turnover	41,029	73,784	150,250	108,879	**130,258**
(Loss)/profit before income tax	24,982	8,650	(5,305)	70,566	**(2,921)**
Taxation (charge)/credit	–	(1,031)	(242)	(1,225)	**–**
(Loss)/profit after taxation	24,982	7,619	(5,547)	69,341	**(2,921)**
(Loss)/profit attributable to shareholders	24,982	7,619	(5,547)	68,552	**(5,266)**
(Loss)/profit attributable to shareholders per share	5.4 cents	1.6 cents	(1.2) cents	14.7 cents	**(1.1) cents**
ASSETS AND LIABILITIES					
Total assets	397,147	420,272	419,088	34,796	**196,591**
Current liabilities	(46,164)	(50,897)	(107,026)	(19,659)	**(145,422)**
Funds employed	350,983	369,375	312,062	15,137	**51,169**
Shareholders' fund	318,171	318,153	290,854	15,137	**51,169**
Long term bank loans and deferred taxation	32,812	51,222	21,208	–	**–**
Amount due to a holding company	–	–	–	–	**–**
Funds employed	350,983	369,375	312,062	15,137	**51,169**
Return on average shareholders' fund (%)	7.0	2.4	(1.8)	44.8	**(15.9)**
Dividends per share	6 cents	1 cent	2 cents	58.66 cents	**–**