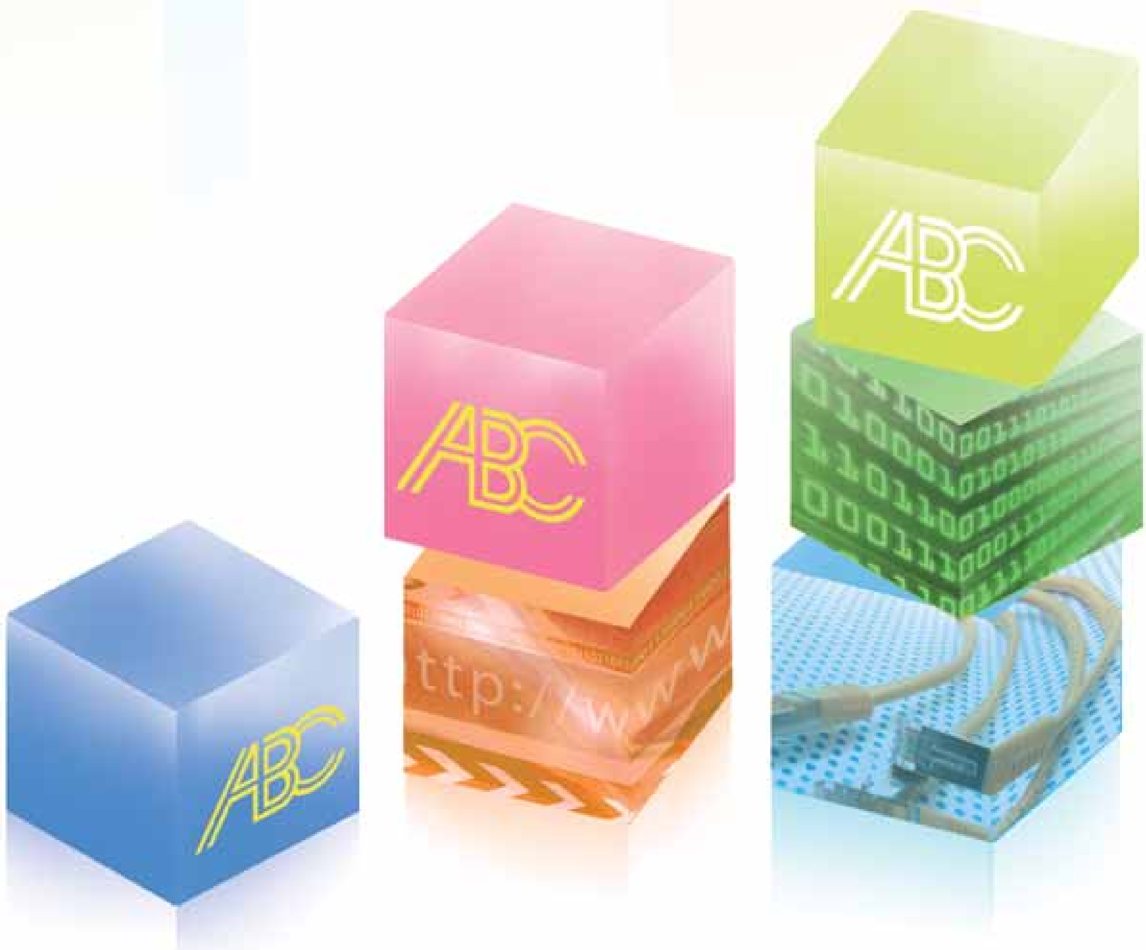
ABC Communications
(Holdings) Limited
Annual Report 10/11

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



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Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Mr. Chen Jiasong *(Chairman)*
Mr. Cheung Wai Shing
Mr. Choy Kai Chung, Andy
Ms. Lam Pui Sea
Mr. Lau Kevin
Ms. Ma Sai
Mr. Song Gaofeng

Non-Executive Director:

Mr. Qiu Hai Jian

Independent Non-Executive Directors:

Mr. Lee Kwong Yiu
Mr. Lee Ho Yiu, Thomas
Mr. Zhang Guang Hui

Chief Executive Officer:

Mr. Zhao Bao Long

COMMITTEES

Audit Committee

Mr. Lee Kwong Yiu
Mr. Lee Ho Yiu, Thomas
Mr. Zhang Guang Hui

Remuneration Committee

Mr. Lee Kwong Yiu
Mr. Lee Ho Yiu, Thomas
Mr. Zhang Guang Hui

COMPANY SECRETARY

Mr. Cheung Wai Shing

AUTHORIZED REPRESENTATIVES

Mr. Chen Jiasong
Ms. Lam Pui Sea

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Room 2709-10, 27/F, China Resources Building
No. 26 Harbour Road
Wanchai
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

Chan, Tang, Kwok Solicitors

HOMEPAGE

www.0030hk.com

Management Discussion and Analysis

RESULTS

Our Group reported a loss of HK$22.36 million or a loss per shares of 4.56 cents for the year ended 31 March 2011. This represented 7.66 times the loss of HK$2.92 million for the previous year. The substantial increase in operating loss was mainly caused by the drop of gross profit, the fair value loss on derivative financial assets, the imputed interest expenses as well as the increase in general and administrative expenses, which have collectively made an unfavourable change of HK$19.44 million towards the current year's operating results. Our Group suffered through a much difficult and challenging fiscal year. Although the gross profit margin remained at approximately 16%, the gross profit had dropped by HK$3 million as a result of declining turnover. The Company had recognized, in accordance with relevant financial reporting standards, a fair value loss on derivative financial assets of HK$19 million during the year, whereas a gain of HK$7.9 million was recognized in previous year. The fair value loss mainly arose from the 1-year 4% convertible bonds issued by the Company on 13 December 2010. Imputed interest expenses on convertible bonds amounted to HK$16.8 million. It was almost 2 times the interest of HK$8.3 million recorded in previous year. The general and administrative expenses amounted to HK$26 million, which represented an increase by of 21% over that of last corresponding period. The increase was mainly due to rise in staff costs and legal and professional expenses. A compensation for liquidated damage of HK$22.3 million had been recorded as other gains and included in the current year's consolidated statement of comprehensive income. On 10 January 2011, the Company terminated the acquisition of a gold smelting and refinery business in PRC as the vendor could not fulfill certain condition precedent. As a result, the vendor agreed to compensate the same which represented approximately the costs and expenses incurred by the Company for the acquisition.

FINAL DIVIDEND

The Directors did not recommend a final dividend for the year ended 31 March 2011.

BUSINESS REVIEW

The principal activities of the Group comprise two business units: financial quotation services and securities trading system licensing provided by QuotePower International Limited ("QuotePower") and wireless applications development provided by ABC QuickSilver Limited. During the year, QuotePower was still the Group's core revenue generator. It contributed most of the turnover reflected in the consolidated statement of comprehensive income of the Group.

Face with intense competitions and hit from the launch of free real-time stock data on designated websites by the Stock Exchange, QuotePower, our principal operating subsidiary in financial quotation services, had lost some of its business. Turnover of the Group dropped to HK$103 million, which was a decrease by 20.61% over that of the last year.

OUTLOOK

The financial results of QuotePower, the main revenue producer of the Group, 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.

On 28 March 2011, the Company entered into a sale and purchase agreement with independent third parties to acquire 60% equity interest and shareholders' loan of Jun Qiao Limited ("Jun Qiao"). Jun Qiao through its subsidiaries and joint venture companies in China, owns two gold mines in Henan Province and one gold mine in Xinjian Uygur Autonomous Region, with an aggregate mining area of 36.44 square kilometers. One of the gold mines in Henan Province is operational. According to the "Advanced Detailed Investigation Reports", "Reserves Verification Report" and "Feasibility Study on the Exploitation and Use of Resources" prepared by relevant recognized institutions in PRC, the operational mine in Henan Province contain mineral reserve of not less than (a) 5.83 metric tonnes of gold (UNFC Code 111b + 332); (b) 8 metric tonnes of gold (UNFC Code 333); and (c) 22.3 metric tonnes of silver (UNFC Code 332 + 333). With the rising inflation rate and deteriorating purchase power of currency, the prices of commodities were being bullish in the past few years. The price of gold in the international market has gone beyond US$1,500 per ounce. The market and profit potential of Jun Qiao's gold mines are significant.

The acquisition of Jun Qiao has been completed on 9 May 2011, and thereafter, Jun Qiao became a subsidiary of the Company. The management believed that Jun Qiao will contribute positively to the Group in the forthcoming financial year. The completion of Jun Qiao's acquisition presented an important milestone to the Group and evidenced the management's endeavor to diversify the Group's business and investment portfolio in the interest of shareholders. In the past, the Group relied solely on the financial quotation service provided by QuotePower, which is highly volatile upon the performance of local stock market. 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 will continue to review and to identify potential investment opportunities.

FINANCIAL POSITION

During 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 dollar or Renminbi. As at 31 March 2011, the Group had cash and cash equivalents of approximately HK$29 million.

Except for the convertible bonds due 2011 with principal amounts of HK$15.2 million outstanding at year end, the Group had no other bank borrowings. Total liabilities of the Group as at 31 March 2011 were HK$64 million (compared with HK$145 million on 31 March 2010). They mainly comprised of the amount due to a substantial shareholder, convertible bonds and trade and other payables. All liabilities of the Group were denominated in Hong Kong dollars.

The Group's debt-to-equity ratio as calculated by dividing total liabilities over total equity, as at 31 March 2011, was 0.49 times (31 March 2010: 2.84 times). The debt-to-equity ratio had been improved significantly during the year.

As at 31 March 2011, the Group had net current assets of HK$128 million (31 March 2010: net current assets of HK$49.6 million). The Group's financial position remained strong and healthy. Nevertheless, as the Company is still keen on looking for strategic investment to diversify its business operation, additional financing might be requested when suitable investment opportunity was identified. The management will assess and consider various possible fund raising alternatives to strengthen the capital base and financial position of the Company and to make sure that the Company will have sufficient working capital to support its future operational and investment needs.

CAPITAL RAISING AND USE OF PROCEEDS

On 27 August 2010, the Company entered into a placing and subscription agreement with Asian Gold Dragon Limited as the vendor and the subscriber, and VC Brokerage Limited as placing agent to place, on a best effort basis, 20 million shares at a price of HK$1.38 per share to not less than six independent investors under a general mandate granted to the Directors at the annual general meeting held on 31 March 2010. Completion of the placing took place on 1 September 2010 where a total of 16,000,000 shares were placed by VC Brokerage Limited. Net proceeds of approximately HK$21.7 million had been raised and used to reduce the borrowings of the Company.

On 1 December 2010, the Company had entered into a placing agreement with Chung Nam Securities Limited as placing agent to place on a fully underwritten basis, the one-year 4% Convertible Bonds in an aggregate principal amount of HK$75.05million, to placees who were independent of and not connected with the Company and its Connected persons. The convertible bonds carry the right to convert into conversion shares at the initial conversion price being HK$0.95 (subject to adjustments). Assuming the conversion rights attaching to the convertible bonds were exercised in full at the initial conversion price, a total of 79,000,000 new Shares would fall to be issued to the bondholders. The conversion shares was issued under a general mandate granted to the Directors at the annual general meeting held on 31 March 2010. Completion of the placing of the convertible bonds took place on 13 December 2010 and convertible bonds in the principal amount of HK$75.05 million were issued accordingly. Net proceeds of approximately HK$72.97 million had been raised and used to repay the debts of the Company.

PLEDGE OF ASSETS

As at 31 March 2011, no assets of the Group were pledged to secure general banking facilities granted to the Group.

CAPITAL COMMITMENTS

	2011 **HK$**	2010 HK$
Contracted but not provided for capital commitment in respect of the acquisition of:		
– Subsidiaries (note)	**100,000,000**	250,000,000
– Property, plant and equipment	**284,603**	–
	100,284,603	250,000,000

Note: Further details of the commitments as at 31 March 2011 and 31 March 2010 are set out in notes 33 and 18 to the consolidated financial statements, respectively.

CONTINGENT LIABILITIES

As at 31 March 2011, the Group had no material contingent liabilities.

EMPLOYEE REMUNERATION POLICY

As at 31 March 2011, the Group had 47 employees. Total salaries, commissions, incentives and all other staff related costs incurred for the year ended 31 March 2011 amounted to approximately HK$15.6 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.

Directors' Report

The directors are pleased to present their report together with the audited consolidated financial statements for the year ended 31 March 2011.

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 32 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 7 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 25.

RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 27.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 24 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company are set out in note 31 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' Report

DIRECTORS

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

Executive Directors:

Mr. Chen Jiasong *(Chairman)* (re-designated as Chairman on 9 December 2010)
Mr. Cheung Wai Shing
Mr. Choy Kai Chung, Andy (appointed on 9 December 2010)
Ms. Lam Pui Sea (appointed on 28 January 2011)
Mr. Lau Kevin (appointed on 9 December 2010)
Ms. Ma Sai (appointed on 28 January 2011)
Mr. Song Gaofeng (appointed on 28 January 2011)
Dr. Lew Mon Hung (resigned on 23 August 2010)
Mr. Zhao Bao Long (appointed on 13 April 2010 and resigned on 28 January 2011)
Mr. Wang Zhi Gang (resigned on 28 January 2011)

Non-Executive Directors:

Mr. Qiu Hai Jian (appointed on 28 January 2011)
Mr. Hou Hui Min *(Honorable Chairman)* (appointed on 13 April 2010 and resigned on 28 January 2011)

Independent Non-Executive Directors:

Mr. Lee Kwong Yiu
Mr. Lee Ho Yiu, Thomas (appointed on 28 January 2011)
Mr. Zhang Guang Hui
Mr. Tsang Kwok Wai (resigned on 28 January 2011)

In accordance with the Company's Bye-laws, Messrs. Choy Kai Chung, Andy, Lau Kevin, Song Gaofeng, Qiu Hai Jian, Lee Ho Yiu, Lam Pui Sea and Ma Sai should retire at the forthcoming annual general meeting (Notice of which will be dispatched 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 OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Executive directors

Mr. Chen Jiasong, aged 56, graduated from Huazhong University of Science & Technology. Mr. Chen worked in the Bureau of Light Industry of the People's Government of Shashi, Jingzhouo. Then in 1982, he was relocated to work in the Committee of Economic and Trade of the People's 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 an is presently the Vice President of Guangdong Junye (Group) Co. Ltd. Mr. Chen has extensive experience in business development, investment and project management. Mr. Chen has been appointed as the executive director of the Company on 29 October 2008. He was the Chairman and Deputy Chairman of the Company from 12 May 2009 to 30 July 2009 and from 31 July 2009 to 8 December 2010 respectively, and has been re-designated as Chairman of the Company effective on 9 December 2010.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONTINUED)

Executive directors (Continued)

Mr. Cheung Wai Shing, aged 40, 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 authorised representative of the Company with effect from 21 August 2008 and an executive director of the Company effective 28 August 2008.

Mr. Choy Kai Chung, Andy, aged 39, graduated from University of New South Wales, Sydney, Australia with a Bachelor of Science, major in Statistics and with a Master of Commerce, major in Finance. Mr. Choy has over 13 years of customer servicing experience in merchandising, sales and marketing operations. Mr. Choy is currently the Vice Chairman, Director and Chief Business Officer of Earth Buddy Inc., a green sustainable enterprise specialize in the renewable use of agricultural residues into consumable products. Before joining Earth Buddy Inc., he worked in Pacific Resources Export Limited (a former exclusive buying agent for Wal-Mart Stores Inc.) for 5 years with dual positions as Corporate Administration Manager and Operations Manager. He has in-depth auditing knowledge on Factory Certification and Compliance Program, quality control and assurance plans. Particular emphasis was placed in global environmental protection standards and good manufacturing practices. He has also established a very successful and effective program on green procurement and after sales service. Mr. Choy is particularly strong in management and organizational skills with proven track records. Mr. Choy has been appointed as executive director of the Company with effect from 9 December 2010.

Ms. Lam Pui Sea, aged 30, holds a Bachelor Degree in Economics and Finance from the University of Hong Kong. She is now a fellow member of the Hong Kong Institute of Certified Public Accountants. Ms. Lam has extensive experience in accounting and internal control. She has worked in "big four" accounting firm and various companies in Hong Kong and the U.S.. Ms. Lam joined the Company on 3 January 2011 and is currently the Financial Controller of the Company. Ms. Lam has been appointed as executive director with effect from 28 January 2011.

Mr. Lau Kevin, aged 39, he has over 10 years' experience in the operational management of various production processes in the electronics industry in the People's Republic of China. Mr. Lau was the executive director of Sheng Yuan Holdings Limited (stock code: 851), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), during the period from 22 June 2000 to 28 August 2007. Mr. Lau was actively involved in formulating investment strategy for these companies, and was responsible for overseeing the management operations of various investment projects. Mr. Lau has been appointed as executive director of the Company with effect from 9 December 2010.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONTINUED)

Executive directors (Continued)

Ms. Ma Sai, aged 25, graduated from the Capital Normal University (Beijing) with major in media management and administration. She has been engaged in media related business after graduation. During the year from 2008 to 2009, she was worked for Beijing Marketing Resources Group as a customer service supervisor. During the year from 2009 to now, she was appointed as sales manager in a private company in Hong Kong. Ms. Ma has been appointed as executive director with effect from 28 January 2011.

Mr. Song Gaofeng, aged 38, graduated from 深圳大學成教學院 (Adult Education College of Shenzhen University) in July 2007, major in Finance. From 2003 to 2008, Mr. Song formed 深圳市億唯龍環保製品有限公司 (Shenzhen Yiweilong Environmental Friendly Products Company Limited*), which was engaging in manufacture of environmental-friendly paper and polyethylene inner layers packaging business. In October 2009, he set up 深圳市美京投資有限公司 (Shenzhen Meijing Investment Company Limited*), which was an investment company focusing on mining businesses in China. Mr. Song has been appointed as executive director with effect from 28 January 2011.

* *For identification purpose only*

Non-executive director

Mr. Qiu Hai Jian, aged 44, held management positions in several enterprises in China after graduation. From 1991 to 2001, he worked in an automobile parts company in Shiyan City. From 2002 to now, he has been working as an assistant manager in a mining company in Gansu. Throughout these years, he was appointed as a committee member of the Political Consultative Committee of Shiyan City, the vice president of Shiyan City Federation of Industry and the deputy chairman of the Committee of China Democratic National Construction Association in Shiyan City. Mr. Qiu has been appointed as non-executive director with effect from 28 January 2011.

Independent non-executive directors

Mr. Lee Kwong Yiu, aged 48, 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. Lee Hoi Yiu, Thomas, aged 33, he has extensive experience in auditing, accounting and financial management. He is now the Partner of Lee, Au & Co. Certified Public Accountant. Mr. Lee previously worked as an Assistant Financial Controller in a multinational luxury brands group and also worked at one of the Big Four International Accounting Firms. Mr. Lee is a fellow of the Association Chartered Certified Accountants, a Practising Member of the Hong Kong Institute of Certified Public Accountants, a Certified Tax Advisor and member of the Hong Kong Taxation Institute, a Certified Internal Auditor and member of the Institute of Internal Auditors, a Certified Information Systems Auditor and member of the ISACA. Mr. Lee holds a bachelor's degree in science from University of Warwick and a second bachelor's degree in Chinese Law from the Tsinghua University, Beijing. Mr. Lee joined the Company on 28 January 2011.

Mr. Zhang Guang Hui, aged 47, 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.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONTINUED)

Chief Executive Officer

Mr. Zhao Bao Long, Bill, aged 48, was appointed as Chief Executive Officer of the Company on 11 April 2011. He has over 23 years of working experience in the mining sector in China and overseas. Mr. Zhao 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 of 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 was also an executive director of the Company during the period from 13 April 2010 to 28 January 2011.

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 follows:

Purpose

The purpose of the 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.

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.

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").

SHARE OPTION SCHEMES (CONTINUED)

Maximum number of shares (Continued)

(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 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.

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% (0.1% for any director, chief executive or substantial shareholder) 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% (0.1% for any director, chief executive or substantial shareholder) 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.

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.

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.

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.

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.

Shares available for issue under the Option Scheme

As at 31 March 2011, the total number of shares available for issue under the Option Scheme was 44,188,600 shares which represented approximately 7.79% of the total issued share capital of the Company.

No options were granted or exercised during the year.

DIRECTORS' INTERESTS

As at 31 March 2011, 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.

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 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' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2011, so far as is known to the Directors and the chief executive of the Company, the following person (not being a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or which would be fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO.

Name of shareholder	Capacity	Number of Shares or underlying Shares/ Nature of interest (note 1)	Approximate percentage of issued share capital
Asian Gold Dragon Limited (note 2)	Beneficial interest	249,624,500 (L) 41,000,000 (S)	43.98% 7.22%
Sze Chun Ning, Vincent (note 2)	Interest in a controlled corporation	249,624,500 (L) 41,000,000 (S)	43.98% 7.22%
Rising Step Holdings Limited (note 3)	Beneficial interest	57,100,000 (L)	10.06%
Zhuo Shui Jia (note 3)	Interest in a controlled corporation	57,100,000 (L)	10.06%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Name of shareholder	Capacity	Number of Shares or underlying Shares/ Nature of interest (note 1)	Approximate percentage of issued share capital
Global Wealth Finance Limited (note 4)	Security interest in shares	41,000,000 (L)	7.22%
Global Giant Development Limited (note 4)	Interest in a controlled corporation	41,000,000 (L)	7.22%
China Yunan Tin Minerals Group Company Limited (note 4)	Interest in a controlled corporation	41,000,000 (L)	7.22%

Notes:

(1) The letter "L" denotes the person's long position in such shares and the letter "S" denotes the person's short position in such shares.

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

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

(4) It represents the number of shares held by Asian Gold Dragon Limited, which Global Wealth Finance Limited has a security interest in such shares. China Yunan Tin Minerals Group Company Limited owns the entire issued shares capital of Global Giant Development Limited, which in turn is interested in the entire share capital of Global Wealth Finance Limited.

Save as disclosed above, as at 31 March 2011, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company.

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	88.9%
– five largest suppliers combined	97.7%
Sales	
– the largest customer	61.6%
– five largest customers combined	74.6%

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.

EVENT AFTER THE REPORTING PERIOD

On 28 March 2011, the Company entered into an acquisition agreement with Mr. Liu Ziqiang and Wide Soar Limited pursuant to which the Company would acquire 60% of the issued share capital and shareholders' loan of Jun Qiao Limited (the "Acquisition") for a total consideration of HK$100,000,000, of which HK$39,000,000 would be payable in cash, HK$21,000,000 would be satisfied by the issue of convertible bonds and HK$40,000,000 would be satisfied by the issue of promissory notes. Jun Qiao Limited, through its subsidiaries, holds (1) a mining permit of a mine located at Tongbai County, Henan Province with a total mining area of 1.81 square kilometers; (2) an exploration permit of a mine located at Tongbai County, Henan Province with a total mining area of 5.51 square kilometers; and (3) an exploration permit of a mine located at Ji Tai County, Xinjiang Uygur Autonomous Region with a total mining area of 29.12 square kilometers. The Acquisition had been completed on 9 May 2011. For further details of the Acquisition, please refer to the Company's announcement dated 28 March 2011.

On 14 April 2011, the Company entered into a placing agreement with Radland International Limited (the "Placing Agent"), whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 73,107,200 new shares (the "Placing Shares") to not less than 6 independent placees at a price of HK$0.64 per share (the "Placing"). The Placing Shares represented 12.88% of the issued share capital of the Company as at 14 April 2011 and approximately 11.41% of the Company's issued share capital as enlarged by the Placing. The Placing Shares would be allotted and issued under the general mandate granted to the Directors at the annual general meeting held on 21 January 2011. The Placing was completed on 5 May 2011 and an aggregate of 73,107,200 new shares had been successfully placed. The net proceeds from the Placing, which amounted to approximately HK$45.4 million, would be used to finance the cash consideration of the Acquisition mentioned above and to fund the general working of the Group.

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

Chen Jiasong
Chairman and Executive Director

Hong Kong, 24 June 2011

Corporate Governance Report

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. On 11 April 2011, the Company has appointed Mr. Zhao Bao Long as the Chief Executive Officer.

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 15 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/she 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 2011	15	2	1
Executives:			
Mr. Chen Jiasong	15/15	N/A	N/A
Mr. Cheung Wai Shing	15/15	N/A	N/A
Mr. Choy Kai Chung, Andy (appointed on 9 December 2010)	6/8	N/A	N/A
Ms. Lam Pui Sea (appointed on 28 January 2011)	4/4	N/A	N/A
Mr. Lau Kevin (appointed on 9 December 2010)	4/8	N/A	N/A
Ms. Ma Sai (appointed on 28 January 2011)	0/4	N/A	N/A
Mr. Song Gaofeng (appointed on 28 January 2011)	3/4	N/A	N/A
Dr. Lew Mon Hung (resigned on 23 August 2010)	0/3	N/A	N/A
Mr. Zhao Bao Long (appointed on 13 April 2010 and resigned on 28 January 2011)	6/10	N/A	N/A
Mr. Wang Zhi Gang (resigned on 28 January 2011)	5/10	N/A	N/A
Non-Executives:			
Mr. Qiu Hai Jian (appointed on 28 January 2011)	0/4	N/A	N/A
Mr. Hou Hui Min (appointed on 13 April 2010 and resigned on 28 January 2011)	4/10	N/A	N/A
Independent Non-executives:			
Mr. Lee Kwong Yiu	5/15	2/2	1/1
Mr. Lee Ho Yiu, Thomas (appointed on 28 January 2011)	4/4	N/A	N/A
Mr. Zhang Guang Hui	6/15	2/2	1/1
Mr. Tsang Kwok Wai (resigned on 28 January 2011)	7/10	2/2	1/1

CORPORATE GOVERNANCE PRACTICE (CONTINUED)

A. Directors (Continued)

A.2 Chairman and Chief Executive Officer

The position of the Chairman was held by Dr. Lew Mon Hung during the period from 31 July 2009 to 23 August 2010, and by Mr. Chen Jiasong since 9 December 2010. Before the appointment of Mr. Zhao Bao Long on 11 April 2011, 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 11 members including 7 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 11 Directors are independent non-executive directors and one of them is qualified accountant.

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 meet the independence guidelines set out in Rules 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. The name of the directors and their respective biographies are set out on pages 7 to 10 of this 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 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.

CORPORATE GOVERNANCE PRACTICE (CONTINUED)

A. Directors (Continued)

A.4 Appointment, re-election and removal (Continued)

At every annual general meeting, one-third of the Directors for the time being or, if their number is not three and 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-Law, all newly appointed directors will hold office until the next annual general meeting and shall be eligible for re-election.

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 2011.

A statement by the independent auditors of the Company about their reporting responsibilities is included in the Independent Auditors' Report on page 23 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".

CORPORATE GOVERNANCE PRACTICE (CONTINUED)

C. Accountability and Audit (Continued)

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 control 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.

C.3 Audit Committee

The Audit Committee comprises three independent non-executive directors, of which, Mr. Tsang Kwok Wai (resigned on 28 January 2011) and Mr. Lee Ho Yiu, Thomas (appointed on 28 January 2011), both are certified public accountants 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 2010 and interim accounts for 30 September 2010. The Group's annual report for the year ended 31 March 2011 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 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.

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.

CORPORATE GOVERNANCE PRACTICE (CONTINUED)

D. Delegation by the Board (Continued)

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

vi. To advise 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 52 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.

CORPORATE GOVERNANCE PRACTICE (CONTINUED)

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 chairman 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.

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.

AUDITORS' REMUNERATION

For the financial year, SHINEWING (HK) CPA Limited is the auditor of the Company. Fee paid or payable to the auditor for audit service provided to the Group is approximately HK$472,000. The auditor's 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. During the financial year, fee paid or payable to the auditor for non-audit services provided to the Group was approximately HK$534,000, most of which was related to the professional accountancy works for the Group's proposed acquisition.

Independent Auditor's Report

信永中和 ShineWing

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

TO THE MEMBERS 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 25 to 71, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting 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.

Independent Auditor's Report

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 2011 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

Hong Kong
24 June 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	Notes	2011 HK$	2010 HK$
Turnover	7	**103,409,027**	130,257,679
Cost of sales		**(86,430,256)**	(110,163,802)
Gross profit		**16,978,771**	20,093,877
Other income	8	**56,813**	4,624
Liquidated damage for termination of acquisition	18	**22,300,000**	–
Fair value (losses) gains on derivative financial assets	22	**(19,015,589)**	7,926,637
Fair value gains on derivative financial liabilities	22	**1,419,623**	85,872
Other gains – net	9	**174,266**	227,082
Selling and distribution costs		**(1,472,648)**	(1,378,852)
General and administrative expenses		**(26,003,888)**	(21,562,596)
Finance costs	10	**(16,793,153)**	(8,317,385)
Loss before tax	11	**(22,355,805)**	(2,920,741)
Income tax expense	13	**–**	–
Loss for the year		**(22,355,805)**	(2,920,741)
Other comprehensive income			
Release of exchange reserve upon deregistration of a subsidiary		**–**	68,010
Exchange differences arising on translation of foreign operations		**23,957**	–
Other comprehensive income for the year		**23,957**	68,010
Total comprehensive expense for the year		**(22,331,848)**	(2,852,731)
Loss for the year attributable to:			
Owners of the Company		**(23,143,675)**	(5,266,108)
Non-controlling interests		**787,870**	2,345,367
		(22,355,805)	(2,920,741)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(23,119,718)**	(5,198,098)
Non-controlling interests		**787,870**	2,345,367
		(22,331,848)	(2,852,731)
Losses per share			
Basic and diluted	14	**(4.56) cents**	(1.13) cents

Consolidated Statement of Financial Position

As at 31 March 2011

	Notes	2011 HK$	2010 HK$
Non-current assets			
Property, plant and equipment	15	**1,090,906**	1,601,441
Deposits paid for acquisition of property, plant and equipment		**654,531**	–
		1,745,437	1,601,441
Current assets			
Trade receivables	16	**7,943,012**	8,542,526
Other receivables, deposits and prepayments	17	**24,917,515**	2,642,336
Deposit paid for acquisition of subsidiaries	18	**130,000,000**	130,000,000
Derivative financial assets	22	**109,000**	21,807,425
Bank balances and cash	19	**29,069,220**	31,997,595
		192,038,747	194,989,882
Current liabilities			
Trade and other payables	20	**15,121,205**	15,428,481
Advance subscriptions and licence fees received		**3,314,960**	3,266,698
Amount due to a substantial shareholder	21	**28,182,385**	–
Amounts due to directors	21	**2,482,170**	1,000,000
Derivative financial liabilities	22	**–**	1,925,220
Convertible bonds	22	**14,849,539**	123,801,392
		63,950,259	145,421,791
Net current assets		**128,088,488**	49,568,091
Total assets less current liabilities		**129,833,925**	51,169,532
Capital and reserves			
Share capital	24	**5,675,360**	4,775,360
Reserves		**113,169,330**	36,192,807
Equity attributable to owners of the Company		**118,844,690**	40,968,167
Non-controlling interests		**10,989,235**	10,201,365
Total equity		**129,833,925**	51,169,532

The consolidated financial statements on pages 25 to 71 were approved and authorised for issue by the board of directors on 24 June 2011 and are signed on its behalf by:

Chen Jiasong
Director

Cheung Wai Shing
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Attributable to owners of the Company								
	Share capital	Share premium	Capital redemption reserve	Convertible bonds reserve	Exchange reserve	Retained earnings (Accumulated losses)	Sub-total	Non-controlling interests	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
At 1 April 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 expenses	–	–	–	–	68,010	–	68,010	–	68,010
Total comprehensive income (expense) 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 shares 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 and 1 April 2010	4,775,360	16,967,523	176,000	18,714,409	–	334,875	40,968,167	10,201,365	51,169,532
(Loss) profit for the year	–	–	–	–	–	(23,143,675)	(23,143,675)	787,870	(22,355,805)
Other comprehensive income	–	–	–	–	23,957	–	23,957	–	23,957
Total comprehensive income (expense) for the year	–	–	–	–	23,957	(23,143,675)	(23,119,718)	787,870	(22,331,848)
Recognition of equity component of convertible bonds	–	–	–	2,767,209	–	–	2,767,209	–	2,767,209
Issue of shares on placing of shares	160,000	21,920,000	–	–	–	–	22,080,000	–	22,080,000
Transaction costs attributable to placing of shares	–	(355,276)	–	–	–	–	(355,276)	–	(355,276)
Issue of shares on conversion of convertible bonds	740,000	75,764,308	–	(5,405,807)	–	5,405,807	76,504,308	–	76,504,308
Redemption of convertible bonds	–	–	–	(15,515,365)	–	15,515,365	–	–	–
At 31 March 2011	5,675,360	114,296,555	176,000	560,446	23,957	(1,887,628)	118,844,690	10,989,235	129,833,925

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	2011 HK$	2010 HK$
OPERATING ACTIVITIES		
Loss before tax	**(22,355,805)**	(2,920,741)
Adjustments for:		
Depreciation of property, plant and equipment	**1,235,346**	1,592,912
Fair value losses (gains) on derivative financial assets	**19,015,589**	(7,926,637)
Fair value gains on derivative financial liabilities	**(1,419,623)**	(85,872)
Finance costs	**16,793,153**	8,317,385
Gain on disposal of property, plant and equipment	**–**	(5,000)
Liquidated damages for termination of acquisition	**(22,300,000)**	–
Bank interest income	**(56,813)**	(4,624)
Loss on deregistration of a subsidiary	**–**	15,114
Waiver of other payables	**–**	(237,414)
Operating cash flows before movements in working capital	**(9,088,153)**	(1,254,877)
Decrease (increase) in trade receivables	**599,514**	(328,508)
Decrease (increase) in other receivables, deposits and prepayments	**24,821**	(1,206,248)
Increase (decrease) in trade and other payables	**301,125**	(490,538)
Increase (decrease) in advance subscriptions and licence fees received	**48,262**	(182,386)
NET CASH USED IN OPERATING ACTIVITIES	**(8,114,431)**	(3,462,557)
INVESTING ACTIVITIES		
Deposits paid for acquisition of subsidiaries	**–**	(130,000,000)
Purchases of property, plant and equipment	**(724,811)**	(630,282)
Deposits paid for acquisition of property, plant and equipment	**(654,531)**	–
Net cash outflow from deregistration of a subsidiary	**–**	(1,037)
Proceeds from disposal of property, plant and equipment	**–**	5,000
Interest received	**56,813**	4,624
NET CASH USED IN INVESTING ACTIVITIES	**(1,322,529)**	(130,621,695)

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	2011 HK$	2010 HK$
FINANCING ACTIVITIES		
Proceeds from issue of convertible bonds	**75,050,000**	150,000,000
Proceeds from placing of shares	**22,080,000**	–
Advance from a substantial shareholder	**27,573,984**	–
Advances from directors	**1,482,170**	1,000,000
Convertible bonds issue expenses paid	**(1,976,250)**	(7,500,000)
Expenses paid for placing of shares	**(355,276)**	–
Redemption of convertible bonds	**(117,370,000)**	–
NET CASH FROM FINANCING ACTIVITIES	**6,484,628**	143,500,000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(2,952,332)**	9,415,748
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**31,997,595**	22,581,847
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**23,957**	–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by, bank balances and cash	**29,069,220**	31,997,595

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 at the date of these financial statements is Room 2709-10, 27/F, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong.

As at 31 March 2010, the Company's immediate parent and ultimate parent is Asian Gold Dragon Limited ("Asian Gold"), a company incorporated in the British Virgin Islands. Following certain fund raising activities conducted by the Company during the year, Asian Gold's equity interest in the Company was diluted and ceased to have controlling interest over the Company. As at 31 March 2011, the Company did not have a parent.

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

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

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvement to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share – based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

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

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

HKFRS 3 (Revised) Business Combinations

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As there was no transaction during the current year and prior year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

Standards or interpretations issued but not yet effective

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)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[4]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[6]
HKFRS 11	Joint Arrangements[6]
HKFRS 12	Disclosure of Interests in Other Entities[6]
HKFRS 13	Fair Value Measurement[6]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (Revised)	Separate Financial Statements[6]
HKAS 28 (Revised)	Investments in Associates and Joint Ventures[6]
HK(IFRIC) – Int 14 (Amendment)	Prepayment of a Minimum Funding Requirement[3]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 January 2011.
4 Effective for annual periods beginning on or after 1 July 2011.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2013.

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

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

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

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKAS 24 Related Party Disclosures (Revised) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (Revised) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised standard is applied in future accounting periods. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

3. 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. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 of Hong Kong Limited and 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 in full on consolidation.

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

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 April 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. 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 on initial recognition.

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 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.

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 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 (i.e. HK$) 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. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

From 1 April 2010 onwards, on disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

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

All other borrowing costs are recognised 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 state-managed retirement benefit schemes and Mandatory Provident Fund Scheme 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period 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.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

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

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

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from 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 earned 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, deposit paid for acquisition of subsidiaries and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of 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

- breach in contract, such as default or delinquency in interest or principal payments; or

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

- the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past 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.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade and other 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 and other 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 instruments

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL

A financial liability 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 from 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, amounts due to a substantial shareholder and directors 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). Where 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (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 contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, 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.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on tangible assets (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset 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 (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, 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 underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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 on trade and other receivables and deposits paid for acquisition of subsidiaries

The policy for making impairment loss on trade and other receivables and deposits paid for acquisition of subsidiaries 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 loss on trade and other receivables and deposits paid for acquisition of subsidiaries has been recognised for both reporting periods.

4. 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.

Impairment of property, plant and equipment

During the years ended 31 March 2011 and 2010, no impairment loss on property, plant and equipment was recognised in the consolidated statement of comprehensive income. Determining whether property, plant and equipment are impaired requires an estimation of the recoverable amount of the property, plant and equipment. Such estimation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

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.

5. 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 22, 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 repurchase shares of the Company, issue new shares, or increase or reduce borrowings.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2011 HK$	2010 HK$
Financial assets		
FVTPL	**109,000**	21,807,425
Loans and receivables (including cash and cash equivalents)	**191,169,606**	171,318,795
Financial liabilities		
FVTPL	**–**	1,925,220
Other financial liabilities at amortised cost	**60,635,299**	140,229,873

(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 and interest rate 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

All sales and purchases of the Group are denominated in HK$. Accordingly, the directors of the Company considered that the Group is not exposed to material transactional foreign currency risk. The Group currently does not have a foreign currency hedging policy. The Group will monitor foreign exchange exposure and consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's significant foreign currency denominated monetary assets held by entities with functional currency being HK$ at the end of the reporting period are as follows:

	Assets	
	2011 HK$	2010 HK$
Renminbi ("RMB")	**10,674,695**	82,625

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (Continued)

(i) Foreign exchange risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the currency of RMB.

For a 5% (2010: 5%) strengthening/weakening of HK$ against RMB, the Group's post-tax loss for the year will be increased/decreased by HK$445,669 (2010: HK$3,450). 5% (2010: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the year end for a 5% (2010: 5%) change in foreign currency rates.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the 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 19 for details). The Group's exposure to interest rate risk is minimal as the bank balances have a short maturity period.

Credit risk

As at 31 March 2011, 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 62% (2010: 58%) and 75% (2010: 79%) 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% (2010: 100%) of the total trade receivables as at 31 March 2011.

6. FINANCIAL INSTRUMENTS (CONTINUED)

(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 non-derivative 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.

	On demand or less than one year HK$	Total undiscounted cash flows HK$	Carrying amount HK$
As at 31 March 2011			
Trade and other payables	**15,121,205**	**15,121,205**	**15,121,205**
Amount due to a substantial shareholder	**28,182,385**	**28,182,385**	**28,182,385**
Amounts due to directors	**2,482,170**	**2,482,170**	**2,482,170**
Convertible bonds	**15,808,000**	**15,808,000**	**14,849,539**
	61,593,760	**61,593,760**	**60,635,299**
As at 31 March 2010			
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

6. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value

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 flows analysis.

The fair values of derivative instruments are estimated using Black-Scholes option pricing model (2010: Trinomial Tree Pricing Model) , as set out in note 22.

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 measurements of fair value of financial instruments subsequent to initial recognition are 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).

The fair values of the Group's derivative financial assets and liabilities of HK$109,000 (2010: HK$21,807,425) and nil (2010: HK$1,925,220) respectively as at 31 March 2011 fall within Level 2 (2010: Level 2) fair value measurement.

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

Convertible bonds

The fair values 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 as disclosed in note 22.

7. TURNOVER AND SEGMENT INFORMATION

The Group's operating segments are determined based on the information reported to the chief operating decision maker, being the Board of Directors, for making strategic decisions and allocating resources.

The Group only operates in the financial quotation and securities trading system licensing services during both reporting periods.

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	
	2011	2010	**2011**	2010
	HK$	HK$	**HK$**	HK$
Turnover	**103,409,027**	130,257,679	**103,409,027**	130,257,679
Segment profit	**1,584,410**	4,718,453	**1,584,410**	4,718,453
Unallocated corporate income and gains			**23,894,700**	8,012,509
Unallocated corporate expenses and losses			**(31,041,762)**	(7,334,318)
Finance costs			**(16,793,153)**	(8,317,385)
Loss before tax			**(22,355,805)**	(2,920,741)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by the segment without allocation of liquidated damage for termination of acquisition, fair value (losses) gains on derivative financial assets and liabilities, certain interest income, certain other gains (losses), certain administrative expenses and finance costs.

Segment assets and liabilities

	2011	2010
	HK$	HK$
Segment assets		
Financial quotation and securities trading system licensing	**38,704,474**	38,254,184
Unallocated corporate assets	**155,079,710**	158,337,139
Consolidated total assets	**193,784,184**	196,591,323

7. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

	2011 **HK$**	2010 HK$
Segment liabilities		
Financial quotation and securities trading system licensing	**16,277,463**	17,435,072
Unallocated corporate liabilities	**47,672,796**	127,986,719
Consolidated total liabilities	**63,950,259**	145,421,791

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

– As at 31 March 2011 and 2010, all assets are allocated to reportable segments other than certain other receivables and prepayments, deposits paid for acquisition of property, plant and equipment and subsidiaries, derivative financial assets and certain bank balances and cash which are managed on a group basis.

– As at 31 March 2011 and 2010, all liabilities are allocated to reportable segments other than certain other payables, amounts due to a substantial shareholder and directors, derivative financial liabilities and convertible bonds which are managed on a group basis.

7. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Other segment information

	Financial quotation and securities trading system licensing HK$	Unallocated HK$	Total HK$
For the year ended 31 March 2011			
Amounts included in the measure of segment results or segment assets:			
Depreciation of property, plant and equipment	**1,145,056**	**90,290**	**1,235,346**
Additions to non-current assets	**279,622**	**445,189**	**724,811**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:			
Fair value losses on derivative financial assets	**–**	**19,015,589**	**19,015,589**
Fair value gains on derivative financial liabilities	**–**	**(1,419,623)**	**(1,419,623)**
Interest income	**(56,002)**	**(811)**	**(56,813)**
Finance costs	**–**	**16,793,153**	**16,793,153**
Liquidated damages for termination of acquisition	**–**	**(22,300,000)**	**(22,300,000)**
For the year ended 31 March 2010			
Amounts included in the measure of segment results or segment assets:			
Depreciation of property, plant and equipment	1,592,912	–	1,592,912
Additions to non-current assets	630,282	–	630,282
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets:			
Fair value gains on derivative financial assets	–	(7,926,637)	(7,926,637)
Fair value gains 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

7. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations are mainly located in Hong Kong (country of domicile of major subsidiaries) and the People's Republic of China (the "PRC").

The following tables present the Group's revenue and information about its non-current assets by geographical location.

	Hong Kong		Elsewhere in the PRC		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$	HK$	**HK$**	HK$	**HK$**	HK$
For the year ended 31 March						
Segment revenue	**103,409,027**	130,257,679	**–**	–	**103,409,027**	130,257,679
As at 31 March						
Non-current assets	**1,328,851**	1,601,441	**416,586**	–	**1,745,437**	1,601,441

Revenue from major products and services

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

	2011	2010
	HK$	HK$
Revenue from financial quotation and securities trading system licensing services	**103,098,657**	129,701,815
Revenue from wireless applications	**310,370**	555,864
	103,409,027	130,257,679

Information about major customers

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

	2011	2010
	HK$	HK$
Customer A	**63,700,667**	85,729,726

8. OTHER INCOME

	2011 HK$	2010 HK$
Bank interest income	**56,813**	4,624

9. OTHER GAINS – NET

	2011 HK$	2010 HK$
Waiver of other payables	**–**	237,414
Gain on disposal of property, plant and equipment	**–**	5,000
Loss on deregistration of a subsidiary (note 26)	**–**	(15,114)
Exchange gains (losses), net	**174,266**	(218)
	174,266	227,082

10. FINANCE COSTS

	2011 HK$	2010 HK$
Imputed interest expenses on convertible bonds	**16,793,153**	8,317,385

11. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	2011 HK$	2010 HK$
Auditor's remuneration		
– Current year	**472,000**	490,000
– Under-provision in prior year	**–**	8,000
Depreciation of property, plant and equipment	**1,235,346**	1,592,912
Employee benefit expenses (note 12)	**15,558,750**	14,514,688
Minimum lease payments under operating leases in respect of land and buildings	**2,949,154**	2,231,718

12. EMPLOYEE BENEFIT EXPENSES

	2011 **HK$**	2010 HK$
Wages, salaries and other benefits (including directors' remunerations)	**15,167,370**	14,146,323
Retirement benefit costs (including directors' remunerations)		
– defined contribution scheme (note a)	**391,380**	368,365
	15,558,750	14,514,688

(a) **Retirement benefit costs – defined contribution schemes**

No forfeited contribution was available at the end of the reporting period to reduce future contributions (2010: Nil).

12. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Directors' and senior executives' emoluments

The remuneration of every director for the year ended 31 March 2011 is set out below:

Name of director	Fees HK$	Salary HK$	Employer's contribution to provident fund HK$	Total HK$
Executive directors				
Chen Jiasong	658,364	–	929	659,293
Cheung Wai Shing	–	598,000	12,000	610,000
Choy Kai Chung, Andy (Appointed on 9 December 2010)	37,419	–	–	37,419
Lam Pui Sea (Appointed on 28 January 2011)	–	93,935	3,000	96,935
Lau Kevin (Appointed on 9 December 2010)	74,839	–	–	74,839
Ma Sai (Appointed on 28 January 2011)	21,290	–	–	21,290
Song Gao Feng (Appointed on 28 January 2011)	10,645	–	–	10,645
Dr. Lew Mon Hung (Resigned on 23 August 2010)	–	542,000	–	542,000
Wang Zhi Gang (Resigned on 28 January 2011)	300,000	–	–	300,000
Zhao Bao Long (Appointed on 13 April 2010 and resigned on 28 January 2011)	300,000	–	–	300,000
	1,402,557	1,233,935	15,929	2,652,421
Non-executive directors				
Qiu Hai Jian (Appointed on 28 January 2011)	10,645	–	–	10,645
Hou Hui Min (Appointed on 13 April 2010 and resigned on 28 January 2011)	300,000	–	–	300,000
	310,645	–	–	310,645
Independent non-executive directors				
Lee Kwong Yiu	120,000	–	–	120,000
Lee Ho Yiu, Thomas (Appointed on 28 January 2011)	21,290	–	–	21,290
Zhang Guang Hui	120,000	–	–	120,000
Tsang Kwok Wai (Resigned on 28 January 2011)	100,000	–	–	100,000
	361,290	–	–	361,290
Total	2,074,492	1,233,935	15,929	3,324,356

12. 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$
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
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
Total	2,039,600	740,212	13,000	2,792,812

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 2011 and 2010.

12. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

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

No director or senior executives waived or agreed to waive his emoluments in the two years ended 31 March 2011 and 2010.

(c) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2010: two) were directors of the Company whose emoluments are disclosed in note (b) above. The emoluments of the remaining three (2010: three) individuals were as follows:

	2011	2010
	HK$	HK$
Basic salaries, housing allowances, other allowances and benefits in kind	**2,104,400**	1,923,600
Contributions to retirement schemes	**36,000**	24,000
	2,140,400	1,947,600

The emoluments fell within the following band:

	Number of individuals	
	2011	2010
Nil – HK$1,000,000	**3**	3

13. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made in both years as the assessable profit are offset by allowable tax losses brought forward.

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

	2011 HK$	2010 HK$
Loss before tax	**(22,355,805)**	(2,920,741)
Calculated at a tax rate of 16.5% (2010: 16.5%)	**(3,688,708)**	(481,922)
Tax effect of income not taxable for tax purpose	**(3,951,523)**	(1,362,000)
Tax effect of expenses not deductible for tax purpose	**7,896,391**	1,504,165
Tax effect of tax losses and temporary difference not recognised	**–**	1,141,033
Utilisation of tax losses previously not recognised	**(256,160)**	(801,276)
Income tax expense	**–**	–

Details of deferred tax are set out in note 23.

14. LOSSES PER SHARE

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

	2011 HK$	2010 HK$
Loss for the year attributable to owners of the Company	**(23,143,675)**	(5,266,108)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic losses per share	**507,399,014**	467,323,671

The computation of diluted loss per share for the years ended 31 March 2011 and 31 March 2010 does not assume the conversion of the Group's outstanding convertible bonds since their exercise would result in a decrease in loss per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$	Computer equipment HK$	Furniture and fixtures HK$	Total HK$
COST				
At 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 and 1 April 2010	478,605	11,861,856	594,824	12,935,285
Additions	342,651	321,075	61,085	724,811
Written off	–	(113,863)	–	(113,863)
At 31 March 2011	**821,256**	**12,069,068**	**655,909**	**13,546,233**
ACCUMULATED DEPRECIATION				
At 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 and 1 April 2010	225,607	10,542,756	565,481	11,333,844
Provided for the year	226,162	977,019	32,165	1,235,346
Eliminated on written off	–	(113,863)	–	(113,863)
At 31 March 2011	**451,769**	**11,405,912**	**597,646**	**12,455,327**
CARRYING VALUES				
At 31 March 2011	**369,487**	**663,156**	**58,263**	**1,090,906**
At 31 March 2010	252,998	1,319,100	29,343	1,601,441

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

Leasehold improvements	3 years or over the lease term
Computer equipment	3 years
Furniture and fixtures	3-5 years

16. TRADE RECEIVABLES

	2011 HK$	2010 HK$
Trade receivables	**7,943,012**	8,542,526

Trade receivables are due upon the presentation of invoices. As at 31 March 2011, trade receivables of HK$7,943,012 (2010: HK$8,542,526) 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, based on the invoice date, of these trade receivables is as follows:

	2011 HK$	2010 HK$
0 – 3 months	**7,720,662**	8,326,649
4 – 6 months	**188,140**	206,327
Over 6 months	**34,210**	9,550
	7,943,012	8,542,526

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2011 HK$	2010 HK$
Liquidated damage receivable (note 18)	**22,300,000**	–
Other receivables, deposits and prepayments	**2,617,515**	2,642,336
	24,917,515	2,642,336

18. 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 (the "Deposit") of HK$130 million has been paid to the vendor during the year ended 31 March 2010.

On 10 January 2011, the Group entered into a deed of termination ("Deed") with that independent third party to terminate the Proposed Acquisition as the vendor cannot fulfil certain conditions precedent thereto. Pursuant to the Deed, the independent third party agreed to return the Deposit together with a liquidated damage of HK$22,300,000 (included in other receivables, deposits and prepayments) to the Group. As at 31 March 2011, the aggregate receivable of HK$152,300,000 remained outstanding and has been substantially settled subsequent to the end of the reporting period.

Details of the transaction have been set out in the Company's announcements dated 11 February 2010 and 10 January 2011.

19. BANK BALANCES AND CASH

	2011 HK$	2010 HK$
Cash at bank and in hand	**19,476,735**	31,997,595
Short-term time deposits	**9,592,485**	–
	29,069,220	31,997,595

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

As at 31 March 2011, the effective interest rate on short-term time deposits was 0.8%. These deposits had an average original maturity of 30 days.

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

	2011 HK$	2010 HK$
HK$	**18,394,525**	31,914,970
RMB	**10,674,695**	82,625
	29,069,220	31,997,595

20. TRADE AND OTHER PAYABLES

	2011 HK$	2010 HK$
Trade payables (note a)	**12,103,028**	13,187,887
Other payables and accrued charges	**3,018,177**	1,632,193
Amount due to ultimate holding company (note b)	**–**	608,401
	15,121,205	15,428,481

Notes:

(a) The aging of trade payables were within 3 months as at both 31 March 2011 and 2010.

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

(c) An 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.

21. AMOUNTS DUE TO A SUBSTANTIAL SHAREHOLDER AND DIRECTORS

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

22. CONVERTIBLE BONDS

On 13 December 2010, the Company issued convertible bonds (the "2010 CBs") to several independent third parties in the principal amount of HK$75,050,000 with maturity date on 13 December 2011. The 2010 CBs bears interest of 4% per annum and is unsecured.

The effective interest rate of the liability component is 9.29%.

The principal terms of the 2010 CBs are as follow:

– Conversion rights are exercisable at any time during the period commencing from the date of issue of the 2010 CBs up to (but excluding) the maturity date.

– The holders of the 2010 CBs are entitled to convert the 2010 CBs into ordinary shares of the Company at an initial conversion price of HK$0.95 per ordinary share.

– If any of the 2010 CBs has not been converted, it will be redeemed on the maturity date at a redemption amount equal to 104% of the principal amount of such 2010 CBs.

– At any time up to the maturity date, the Company may by notice redeem whole or part of the outstanding 2010 CBs at an amount equal to 104% of the principal amount of such 2010 CBs.

– The 2010 CBs holders are not entitled to request for early redemption except for event of default occurred.

22. CONVERTIBLE BONDS (CONTINUED)

The 2010 CBs contains three components: liability component, equity component and derivative component.

The Company's early redemption option embedded in the 2010 CBs was presented in the consolidated statement of financial position as "Derivative financial assets" at 31 March 2011 and was measured at fair value with changes in fair value recognised in profit or loss.

The 2010 CBs in the principal amount of HK$59,850,000 were converted into 63,000,000 new ordinary shares of the Company during the year ended 31 March 2011. As at 31 March 2011, the principal amount of 2010 CBs remained outstanding is HK$15,200,000 of which 16,000,000 potential shares will be issued upon their conversions.

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

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

The principal terms of the 2009 CBs 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 2009 CBs up to (but excluding) the period of five business days ending on the maturity date.

– The holders of the 2009 CBs are entitled to convert the 2009 CBs into ordinary shares of the Company at an initial conversion price of HK$2 per ordinary share.

– If any of the 2009 CBs 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 2009 CBs.

– 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 2009 CBs at an amount equal to 130% of the principal amount of such 2009 CBs.

– During the period commencing from the beginning of the fourth month from the date of issue up to the maturity date, the holder of 2009 CBs may request the Company to redeem such amount of the outstanding 2009 CBs at an amount equal to 110% of such 2009 CBs.

The 2009 CBs contains three components: liability component, equity component and derivative component.

22. CONVERTIBLE BONDS (CONTINUED)

The Company's and the 2009 CBs 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 2009 CBs in the principal amount of HK$21,300,000 were converted into 10,650,000 new ordinary shares of the Company on 16 March 2010. As at 31 March 2010, the principal amount of 2009 CBs remained outstanding was HK$128,700,000 of which 64,350,000 potential shares can be issued upon conversion of the remaining 2009 CBs.

During the year ended 31 March 2011, 2009 CBs with aggregate principal amount of HK$22,000,000 were converted into 11,000,000 new ordinary shares of the Company. The remaining 2009 CBs with principal amount of HK$106,700,000 were redeemed by the Company at HK$117,370,000.

The movements of the liability, equity and derivatives components of the convertible bonds during the reporting period are set out below:

	Liability HK$	Derivative financial assets HK$	Derivative financial liabilities HK$	Equity HK$	Total HK$
As at 1 April 2009	–	–	–	–	–
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)
Changes 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 and 1 April 2010	123,801,392	(21,807,425)	1,925,220	18,714,409	122,633,596
Issued during the year	73,349,000	(1,111,000)	–	2,812,000	75,050,000
Transaction costs	(1,931,459)	–	–	(44,791)	(1,976,250)
Changes in fair value	–	19,015,589	(1,419,623)	–	17,595,966
Conversion to shares during the year	(79,792,547)	3,793,836	(505,597)	(5,405,807)	(81,910,115)
Redemption of convertible bonds	(117,370,000)	–	–	(15,515,365)	(132,885,365)
Imputed interest expense	16,793,153	–	–	–	16,793,153
As at 31 March 2011	**14,849,539**	**(109,000)**	**–**	**560,446**	**15,300,985**

22. CONVERTIBLE BONDS (CONTINUED)

2010 CBs

At the date of issue and conversions of the 2010 CBs, and at 31 March 2011, the fair values of the derivative financial asset were valued by the Roma Appraisals Limited, an independent qualified professional valuer not connected with the Group. The fair values of the derivative financial assets are calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

	At 31.3.2011	On conversions	(Date of issue) At 13.12.2010
Share price	**HK$0.77**	HK$0.92 – HK$0.93	HK$0.89
Conversion price	**HK$0.95**	HK$0.95	HK$0.95
Expected volatility (note a)	**6.14%**	6.65% – 6.81%	7.11%
Expected life (note b)	**257 Days**	302 Days – 333 Days	365 Days
Risk free rate (note c)	**0.27%**	0.28% – 0.30%	0.55%
Expected dividend yield (note d)	**Nil**	Nil	Nil

2009 CBs

At 31 March 2010 and dates of conversion of the 2009 CBs during year ended 31 March 2011, 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:

Year ended 31 March 2011

	On conversions
Share price	HK$1.52 – HK$2.04
Conversion price	HK$2.00
Expected volatility (note a)	104.10% – 112.75%
Expected life (note b)	206 Days – 245 Days
Risk free rate (note c)	0.15% – 0.17%
Expected dividend yield (note d)	Nil

Year ended 31 March 2010

	At 31.3.2010	(On conversion) At 16.3.2010	(Date of issue) 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

22. CONVERTIBLE BONDS (CONTINUED)

2009 CBs (Continued)

Year ended 31 March 2010 (Continued)

Notes:

(a) Expected volatility was determined by calculating the historical volatility of bond price (2010: the Company's share price).

(b) Expected life was the expected remaining life of the convertible bonds.

(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.

23. DEFERRED TAX

The followings are the major deferred tax liabilities (assets) recognised and movements thereof during the current and prior years:

	Accelerated tax depreciation HK$	Tax losses HK$	Total HK$
At 1 April 2009	328,108	(328,108)	–
(Credited) charged to the statement of comprehensive income	(151,207)	151,207	–
At 31 March 2010 and 1 April 2010	176,901	(176,901)	–
(Credited) charged to the statement of comprehensive income	(147,107)	147,107	–
At 31 March 2011	**29,794**	**(29,794)**	**–**

At 31 March 2011, deferred tax assets of HK$29,794 (2010: HK$176,901) have been presented as an offset against deferred tax liabilities in the consolidated statement of financial position.

At the end of the reporting period, the Group had unused tax losses of approximately HK$131,472,305 (2010: HK$133,916,350) available for offset against future profits. A deferred tax asset has been recognised in respect of such tax losses of HK$180,570 (2010: HK$1,072,128). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$131,291,735 (2010: HK$132,844,222) due to unpredictability of future profits streams. Tax losses of the Group can be carried forward indefinitely.

24. SHARE CAPITAL

	2011		2010	
	No. of shares	**Amount HK$**	No. of shares	Amount HK$
Authorised:				
Ordinary shares of HK$0.01 each	**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 at beginning of year	**477,536,000**	**4,775,360**	466,886,000	4,668,860
Issue of shares on conversion of convertible bonds (note 22)	**74,000,000**	**740,000**	10,650,000	106,500
Issue of shares on placing	**16,000,000**	**160,000**	–	–
At 31 March	**567,536,000**	**5,675,360**	477,536,000	4,775,360

During year ended 31 March 2010, 10,650,000 ordinary shares of HK$0.01 each were issued upon the conversion of 2009 CBs with principal amount of HK$21,300,000 at a conversion price of HK$2 each.

During year ended 31 March 2011, 63,000,000 ordinary shares and 11,000,000 ordinary shares of HK$0.01 each were issued upon the conversion of 2010 CBs and 2009 CBs with principal amount of HK$59,850,000 and HK$22,000,000 at a conversion price of HK$0.95 and HK$2 respectively.

On 1 September 2010, 16,000,000 ordinary shares of HK$0.01 each were placed at a price of HK$1.38 per share and raised net proceeds of HK$21,724,724.

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

25. SHARE OPTION SCHEME

Under the share options 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 ("Invested Entity").

(ii) Participants

The Directors may, at their discretion, invite any participant ("Participant") including any executive director, non-executive director or employee (whether full time or part time), shareholder, supplier, customer, 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.

25. SHARE OPTION SCHEME (CONTINUED)

(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% (0.1% for any director, chief executive or substantial shareholder) 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% (0.1% for any director, chief executive or substantial shareholder) 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.

(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.

25. SHARE OPTION SCHEME (CONTINUED)

(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 2011 and 2010.

There is no outstanding options under the Share Option Scheme as at 31 March 2011 (2010: Nil).

26. 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 9)	(15,114)
Total cash consideration	–
Net cash outflow arising on deregistration:	
Bank balances derecognised	1,037

27. 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:

	2011 HK$	2010 HK$
Within one year	**2,547,114**	1,354,512
In the second to fifth years inclusive	**2,898,603**	634,030
	5,445,717	1,988,542

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for terms ranging from one to three years and rentals are fixed for one to three years.

28. CAPITAL COMMITMENTS

	2011 HK$	2010 HK$
Contracted but not provided for capital commitment in respect of the acquisition of:		
– Subsidiaries (note)	**100,000,000**	250,000,000
– Property, plant and equipment	**284,603**	–
	100,284,603	250,000,000

Note: Further details of the commitments as at 31 March 2011 and 31 March 2010 are set out in notes 33 and 18, respectively.

29. RELATED PARTY TRANSACTIONS

(a) The balances with a substantial shareholder and directors are disclosed in note 21.

(b) Compensation of directors and key management personnel

	2011 HK$	2010 HK$
Salaries and other short-term benefits	**3,308,427**	2,779,812
Post-employment benefits	**15,929**	13,000
	3,324,356	2,792,812

The remunerations of directors and key executives are determined by the remuneration committee of the Company having regards to the performance of individuals and market trends.

30. RETIREMENT BENEFITS PLANS

Hong Kong

The Group 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$1,000 per month from each party). 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.

30. RETIREMENT BENEFITS PLANS (CONTINUED)

PRC

The Group also participates in a defined contribution retirement scheme organised by the government in the PRC. All employees of the Group in the PRC are entitled to an annual pension equal to a fixed portion of their individual final basic salaries at their retirement date. The Group is required to contribute a specified percentage of the payroll of its employees to the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2011 **HK$**	2010 HK$
Non-current assets		
Interests in subsidiaries	**8,319,417**	8,178,211
Deposit paid for acquisition of property, plant and equipment	**654,531**	–
	8,973,948	8,178,211
Current assets		
Other receivables, deposits and prepayments	**23,116,124**	996,180
Deposit paid for acquisition of subsidiaries	**130,000,000**	130,000,000
Derivative financial assets	**109,000**	21,807,425
Bank balances and cash	**214,459**	5,555,375
	153,439,583	158,358,980
Current liabilities		
Other payables (note a)	**1,163,418**	1,251,339
Amount due to a substantial shareholder (note b)	**28,182,385**	–
Amounts due to directors (note b)	**2,104,870**	1,000,000
Derivative financial liabilities	**–**	1,925,220
Convertible bonds	**14,849,539**	123,801,392
	46,300,212	127,977,951
Net current assets	**107,139,371**	30,381,029
Total assets less current liabilities	**116,113,319**	38,559,240
Capital and reserves		
Share capital	**5,675,360**	4,775,360
Share premium	**114,296,555**	16,967,523
Capital redemption reserve	**176,000**	176,000
Convertible bonds reserve	**560,446**	18,714,409
Accumulated losses	**(4,595,042)**	(2,074,052)
Total equity	**116,113,319**	38,559,240

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

Notes:

(a) At 31 March 2010, included in the other payables is amount due to ultimate holding company of HK$608,401 which is unsecured, interest-free and repayable on demand.

(b) The amounts are unsecured, interest-free and repayable on demand.

32. PARTICULAR OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2011 and 2010 are as follows:

Name of company	Place of incorporation/ operation	Issued and paid up capital	Class of shares held	Interest held		Principal activities
				Directly	Indirectly	
Choudary Limited	British Virgin Islands/ Hong Kong	US$11,621	Ordinary	51%	–	Investment holding
ABC QuickSilver Limited	British Virgin Islands/ Hong Kong	US$25	Ordinary	–	50.97%	Wireless application development
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 reporting period (2010: Nil).

33. EVENTS AFTER THE REPORTING PERIOD

(a) On 28 March 2011, the Company entered into an agreement with Wide Soar Limited and Mr. Liu Ziqiang, both were independent third parties to the Group, for the acquisition of 60% of the issued share capital and shareholders' loan of Jun Qiao Limited, a company incorporated in the British Virgin Islands, for a total consideration of HK$100,000,000 (the "Consideration"). HK$39,000,000, HK$21,000,000 and HK$40,000,000 of the consideration would be settled by cash, the issue of one year 4% convertible bonds and the issue of the one year 6% promissory notes, respectively. Jun Qiao and its subsidiaries (the "Jun Qiao Group") are principally engaged in the extraction and sale of mineral products in the PRC. Further details regarding the transaction are included in the Company's announcements dated 28 March 2011 and 9 May 2011.

The acquisition of Jun Qiao was completed on 9 May 2011 with all conditions precedent thereto completed and the Consideration was settled on that date. In addition, the promissory notes issued to the vendors were redeemed in May 2011.

33. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(a) (Continued)

The initial accounting for the acquisition of the Jun Qiao Group remained incomplete pending the determination of fair values of certain identified assets of the Jun Qiao Group. In the opinion of the directors of the Company, these assets will represent a substantial portion of the value of the net identifiable assets and liabilities of the Jun Qiao Group and will have a determining effect on the amount of goodwill or excess over costs to be recognised. As there is no reasonable basis in which the directors can estimate the provisional values of these assets, the assets and liabilities information of the Jun Qiao Group as at the acquisition date are not disclosed in these consolidated financial statements.

(b) On 5 May 2011, the Company placed 73,107,200 ordinary shares of HK$0.01 each at HK$0.64 per share and raised net proceeds of approximately HK$45,400,000.

34. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation. The directors of the Company consider that the presentation of fair value changes in derivative financial instruments on the face of the consolidated statement of comprehensive income instead of including under "other gains – net" provides a better presentation of the consolidated statement of comprehensive income.

Five-Year Financial Summary

	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011** **HK$'000**
Turnover	73,784	150,250	108,879	130,258	**103,409**
(Loss)/profit before income tax	8,650	(5,305)	70,566	(2,921)	**(22,356)**
Taxation (charge)/credit	(1,031)	(242)	(1,225)	–	**–**
(Loss)/profit after taxation	7,619	(5,547)	69,341	(2,921)	**(22,356)**
(Loss)/profit attributable to shareholders	7,619	(5,547)	68,552	(5,266)	**(23,144)**
(Loss)/profit attributable to shareholders per share	1.6 cents	(1.2) cents	14.7 cents	(1.1) cents	**(4.6) cents**
ASSETS AND LIABILITIES					
Total assets	420,272	419,088	34,796	196,591	**193,784**
Current liabilities	(50,897)	(107,026)	(19,659)	(145,422)	**(63,950)**
Funds employed	369,375	312,062	15,137	51,169	**129,834**
Shareholders' fund	318,153	290,854	15,137	51,169	**129,834**
Long term bank loans and deferred taxation	51,222	21,208	–	–	**–**
Funds employed	369,375	312,062	15,137	51,169	**129,834**
Return on average shareholders' fund (%)	2.4	(1.8)	44.8	(15.9)	**(25.6)**
Dividends per share	1 cent	2 cents	58.66 cents	–	**–**