中彩網通控股有限公司
China Netcom Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8071)

Annual Report
2010

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Leung Ngai Man *(Chairman)*
Mr. Ng Kwok Chu, Winfield
Ms. Wu Wei Hua

Independent non-executive Directors

Dr. Leung Wai Cheung
Mr. Cai Wei Lun

COMPANY SECRETARY

Ms. Man Tsz Sai, Lavender

COMPLIANCE OFFICER

Mr. Leung Ngai Man

AUTHORISED REPRESENTATIVES

Mr. Leung Ngai Man
Mr. Ng Kwok Chu, Winfield

AUDIT COMMITTEE

Dr. Leung Wai Cheung *(Chairman)*
Mr. Cai Wei Lun

REMUNERATION COMMITTEE

Dr. Leung Wai Cheung *(Chairman)*
Mr. Cai Wei Lun
Mr. Leung Ngai Man

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

PRINCIPAL BANKERS

CITIC Bank International Limited
Bank of Communications Co., Ltd.

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1006, 10th Floor
Tower One, Lippo Centre
89 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
George Town, Grand Cayman
Cayman Islands, British West Indies

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

8071

WEBSITE

www.chinanetcomtech.com

CHAIRMAN'S STATEMENT

On behalf of the board ("**Board**") of Directors, I hereby present to our shareholders ("**Shareholders**") the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2010 ("**year**").

FINANCIAL HIGHLIGHTS

For the year, the Group's audited revenue and the loss attributable to owners of the Company were approximately HK$2,675,000 and HK$1,887,273,000 respectively, representing an increase of approximately HK$618,000 and approximately HK$1,521,761,000 respectively as compared with the audited revenue of approximately HK$2,057,000 and the loss attributable to owners of the Company of approximately HK$365,512,000 for the year ended 31 December 2009. Such increase of revenue was due to a significant rise in the revenue of the business segment of trading of computer hardware and software.

BUSINESS OVERVIEW

With the backdrop of great potential on the development of both virtual and traditional lottery industry in the People's Republic of China ("**PRC**"), the Group has made entry into the PRC lottery industry. During the second half of 2010, the Group had acquired 51% equity interests in 深圳環彩普達科技有限公司 (Shenzhen Huancai Puda Technology Company Limited, being its unofficial English name) ("**Shenzhen Huancai**"), a leading company which provides technology for innovative channels for the distribution of lottery sales; and undergoing to acquire 65% equity interests in 北京彩贏樂科技有限公司 (Beijing Caiyingle Technology Company Limited, being its unofficial English name) ("**Beijing Caiyingle**"), a fast growing company which is expanding its sports lottery sales distribution across the airports in the PRC.

Given the latest Twelfth Five-Year Plan in which the information technology ("**IT**") is one of the seven major strategic emerging industries, together with the mature concept of "Internet of People" (or the "Three Networks Integration"), it is expected mobile phones and internet will soon become one of the basic necessities in the PRC. The Group had signed a memorandum of understanding ("**MOU**") with China Digital Library Limited Company ("**China Digital Library**"), a company authorised by the State Council and established by the Ministry of Culture and National Library of China, to expand into internet protocol television ("**IPTV**") businesses in order to capture such market opportunities.

We are delighted to have the support by the strategic investors including renowned global financial institutions, our top-up share placements in September and December of 2010 has put the Group in a strong financial position to develop more "innovative" lottery distribution platforms in the PRC. We aim to develop long-lasting partnership with credible companies in the PRC to promote lottery in the PRC as in the case of the IPTV project. Part of the Group's overall strategy is to tap into the "Lottery Game" segment and is actively reviewing potential merger and acquisitions targets.

CHAIRMAN'S STATEMENT

INDUSTRY OVERVIEW

In 2010, the lottery market in the PRC remained a persistent growth. The total lottery sales in the PRC rose 25.5% year-on-year to RMB166.25 billion, of which sales of welfare lottery and sports lottery accounted for 58% (RMB96.80 billion) and 42% (RMB69.45 billion) of the total lottery sales respectively, representing an increase of 28% and 22.1% as compared to the previous year. Given an outstanding contribution for the support of sports and welfare programs from the PRC Government, most of the lottery sales in the PRC are generated from regulated lottery sales authorities like provincial welfare and sports lottery centres, socialised public platform organisations and other respective lottery issuing organisations.

In addition, the lottery penetration rate in the PRC is comparatively low, coupled with the fact that the revenue of illegal gambling market is much higher than the legal lottery market, all these give enormous potential for lottery industry to grow.

More importantly, we are encouraged by the recent development in the lottery industry in the PRC. The promulgation of the preliminary measures by the Ministry of Finance of China, namely "Interim Measures for the Administration of Internet Lottery Sales" and the "Interim Measures for the Administration of Telephone Lottery Sales" in early October 2010, has set transparent regulatory framework for the development of the lottery industry. Together with the introduction of new rapid-draw lottery games and the opening up of online and phone lottery distribution, all reflected that the PRC government is committed to make the lottery market more competitive and supporting its long-term growth.

PROSPECT

The lottery market in the PRC is witnessing unprecedented opportunities. The new measure introduced by the PRC Government has created a clear and direct framework for all industry participants, while the opening of the "lottery game" market offers market participants new growth opportunities.

Looking forward, the Group will take advantage of such opportunities to expand our footprints in the varied businesses while continuous its existing business of trading of computer hardware and software and exploration of mine. On the other hand, the Group will also continue to capture opportunities to acquire lottery game companies and develop more innovative sales channels. Besides, the Group intends to develop ancillary businesses that complement our strategy to become a leading player in the PRC lottery industry, both in distribution and development of new lottery games. These ancillary businesses that we develop will be able to complement the suite of businesses that we offer to consumers.

APPRECIATION

Lastly, I would take this opportunity to thank our valued shareholders, business partners, advisors, management and staffs for their invaluable assistance and unwavering support of our efforts to capitalise on this promising industry.

Leung Ngai Man
Chairman of the Board

Hong Kong, 14 February 2011

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL REVIEW

During the year, the revenue of the Group was approximately HK$2,675,000 which increased by approximately HK$618,000 as compared with that of last year (2009: HK$2,057,000). The revenue was mainly derived from the provision of staff secondment and trading of computer hardware and software. Such increase was due to a significant rise in the revenue of the operating segment of trading of computer hardware and software.

The operating loss increased by approximately HK$2,339,988,000 to approximately HK$2,777,222,000 (2009: HK$437,234,000).

The loss for the year of approximately HK$1,887,273,000 (2009: HK$365,512,000) attributable to the owners of the Company increased by approximately HK$1,521,761,000. The main reason for the increase in the loss attributable to the owners of the Company was the impairment loss of goodwill and other intangible assets for the amount of approximately HK$1,913 million.

FINANCIAL REVIEW

Liquidity and financial resources

The Group financed its operations through the cash flow generated from the exercise of share options and share placings during the year. The Group adopted a conservative financial management and treasury policy and will continue to apply such policy in the coming year. The majority of bank balances are denominated in Hong Kong dollars and put in short term deposits. As at 31 December 2010, the Group had cash and bank balances of approximately HK$348,172,000 (2009: HK$11,422,000). The increase of cash and bank balances was mainly due to the placings of shares during the year. As at 31 December 2010, the Group had approximately HK$776,818,000 non-current liabilities (2009: Nil) as stated in the consolidated statement of financial position.

Impairment loss

With reference to the consolidated statement of comprehensive income in this annual report, the amount of the impairment loss (goodwill and other intangible assets) attributable to the owners of the Company amount to approximately HK$1,913 million, which, (a) as to approximately HK$674 million mainly due to decrease in the valuation of the gold mine located at Luoxi City, Yunnan Province, the PRC; and (b) as to approximately HK$1,239 million mainly due to the decrease in valuation of the lottery business acquired by the Group in 2010. Further details of such impairment loss were set out in the announcement of the Company dated 10 February 2011.

Capital structure

As at 31 December 2010, the Company's total number of issued shares was 9,059,175,247 ordinary shares of HK$0.001 each ("**Shares**") (2009: 3,625,855,247 Shares).

MANAGEMENT DISCUSSION AND ANALYSIS

Changes in the share capital of the Company during the year are set out in note 30 to the consolidated financial statements.

Major Events

Memorandum of understanding

On 23 December 2010, Multi Joy Corporation Limited, a wholly-owned subsidiary of the Company entered into a MOU with China Digital Library, pursuant to which both parties agree to establish a joint venture company in the PRC to engage in the IPTV project. Details of the MOU were set out in the announcement of the Company dated 29 December 2010.

Acquisition of interests and capital investment in Beijing Caiyingle

On 6 November 2010, Media Hong Kong Investment Limited ("**Purchaser**"), a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement with the owners of Beijing Caiyingle namely the First Vendor who holds 60% of the Beijing Caiyingle and the Second Vendor who holds 40% of the Beijing Caiyingle, pursuant to which the Purchaser has agreed to purchase from the First Vendor and the Second Vendor their 25% and 40% interests in the Beijing Caiyingle for a consideration of RMB2,980,769 and RMB4,769,231 respectively ("**Transfer**"). On the same day, the Purchaser and the First Vendor entered into an increase in registered capital agreement, pursuant to which the Purchaser and the First Vendor agreed to increase the registered capital of the Beijing Caiyingle in proportion to their equity interest from RMB5,000,000 to RMB14,285,700 ("**Increase**"). Details of the Transfer and Increase were set out in the announcements of the Company dated 21 October 2010 and 8 November 2010.

As at the date of this annual report, an official written approval regarding the Transfer and the Increase was received from 北京市商務委員會 (the Beijing Municipal Commission of Commerce).

Very substantial acquisition and connected transaction in relation to the acquisition of Shenzhen Huancai

On 13 May 2010, Easywin International Holdings Limited ("**Easywin**"), a wholly-owned subsidiary of the Company entered into an acquisition agreement with Mr. Leung, pursuant to which Easywin has conditionally agreed to acquire and Mr. Leung, being a connected person by virtue of him being a Director and a substantial shareholder of the Company holding approximately 16.27% of the then issued share capital of the Company, has conditionally agreed to dispose of the entire issued share capital of Pearl Sharp Limited which in turn holds Greatest Profit Investment Limited which owns 51% of the registered and paid up capital of Shenzhen Huancai ("**Acquisition**"), at a total consideration of HK$2,112.5 million. Details of the Acquisition were set out in the announcements of the Company dated 8 June 2010, 24 June 2010, 16 August 2010 and 27 August 2010 and the circular of the Company dated 30 July 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Segment review

During the year, the ordinary activities had been mainly derived from the following four business segments:

i) Staff secondment segment: its revenue decreased from approximately HK$164,000 to approximately HK$93,000 which represents a decrease of approximately 43.3% as compared with that of last year.

ii) Trading of computer hardware and software segment: this business segment is conducted in the PRC. It contributes approximately 71% of the total revenue of the Group.

iii) Exploration of mines segment – this segment represents the exploration of gold mine in the PRC.

iv) Lottery business segment – development of computer software, hardware and application system, sale of self-developed technology or results, provision of relevant technical consultancy services in the PRC and development and provision of operation software system sector of the PRC lottery market.

The Group will continue the trading of computer hardware and software, exploration of gold mine and development and provision of operation software system sector of the PRC lottery market.

Employee information

As at 31 December 2010, the Group employed a total of 76 (2009:13) employees. The staff costs, including Directors' remuneration and share-based payment, were approximately HK$17,386,000 (2009: HK$7,288,000).

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme adopted by the Company on 29 June 2007 ("**Share Option Scheme**") where options to subscribe for Shares may be granted to the Directors, employees and consultants of the Group. The aim of the Share Option Scheme is to recognise outstanding performance of the staff in order to retain key staff members and for the benefits of the future business development of the Group.

Charge on Group assets

As at 31 December 2010, a fixed deposit of approximately HK$210,000 was pledged for obtaining the corporate card services (2009: HK$209,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Future plans for material investments or capital assets

Save as disclosed in this annual report, there was no specific plan for material investments and acquisition of material capital assets as at 31 December 2010. However, the Group will continue to seek new business development opportunities especially in the sector of the PRC lottery market.

Gearing ratio

As at 31 December 2010, the gearing ratio of the Group was 91% (2009: Nil), based on the total borrowings of HK$650,892,000 (2009: HK$Nil) and the total equity of approximately HK$711,937,000 (2009: HK$1,034,982,000).

Exposure to fluctuation in exchange rates

The Group has no significant foreign exchange risk due to limited foreign currency translations.

Contingent liabilities

As at 31 December 2010, the Group had no significant contingent liabilities (2009: Nil).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Leung Ngai Man, aged 49, joined the Group on 2 April 2007 and was appointed as the Chief Executive Officer of the Company on 29 June 2007 and subsequently re-designated as the Chairman of the Board on 31 March 2008. He is also director of various subsidiaries of the Company. Mr. Leung has over 24 years' experience in the areas of trading, property development and management in the PRC. He has established an extensive business and social network and relationship with numerous PRC companies. He commenced business in the property development sector in the 1990s. Mr. Leung is also the chairman of the board and an executive director of Sino Prosper State Gold Resources Holdings Limited ("**Sino Prosper**"), a company listed on the Main Board of the Stock Exchange.

Mr. Ng Kwok Chu, Winfield, aged 52, joined the Group on 16 October 2007. He is also a director of various subsidiaries of the Company. Mr. Ng has over 22 years' experience in consumer and commercial finance in the markets of Hong Kong and the PRC. He is currently an executive director of Long Success International (Holdings) Limited, a company listed on GEM, and an executive director of Sino Prosper.

Ms. Wu Wei Hua, aged 40, joined the Group on 11 December 2007. She graduated from Donghua University in the PRC and obtained a Bachelor Degree in Textile Engineering. Ms. Wu has been working in the industry of finance and administration management in the PRC since 1995 and has gained extensive management experience throughout these years. She is currently the financial controller of Sino Prosper and its subsidiaries in China.

Independent non-executive Directors

Dr. Leung Wai Cheung, aged 46, joined the Group on 16 October 2007. Dr. Leung is a qualified accountant and chartered secretary with over 24 years of experience in accounting, auditing and financial management. He graduated from Curtin University with a Bachelor of Commerce Degree majoring in accounting and subsequently obtained a Postgraduate Diploma in Corporate Administration and a Master Degree in Professional Accounting from the Hong Kong Polytechnic University, a Doctor of Philosophy Degree in Management from the Empresarial University of Costa Rica and a Doctor of Education Degree from Bulacan State University. Dr. Leung is an associate member of each of the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Accountants in England & Wales, CPA Australia, The Institute of Chartered Secretaries and Administrators, The Hong Kong Institute of Chartered Secretaries and the Taxation Institute of Hong Kong and a fellow member of the Association of Chartered Certified Accountants. He is also a visiting lecturer of the Open University of Hong Kong (LiPACE) and the Hong Kong University (SPACE). He is the chief financial officer of FlexSystem Holdings Limited, a company listed on GEM, and an independent non-executive director of each of Mobicon Group Limited, a company listed on the Main Board of the Stock Exchange, and Sino Prosper.

Mr. Cai Wei Lun, aged 55, joined the Group on 11 August 2009. He has over 21 years' experience in the property development sector in the PRC. Mr. Cai is currently an independent non-executive director of Sino Prosper.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Mr. David Yeoh, aged 39, has been appointed as the General Manager of the Group with effect from 1 October 2010. Mr. Yeoh, graduated from National University of Singapore and Johnson Graduate School of Management. He has obtained a Bachelor Degree in Engineering with an Upper Second Class Honors and a Master of Business Administration Degree. Mr. Yeoh has been working in the industry of finance and international capital market in Hong Kong, China and Singapore since 2002 and has gained extensive management experience throughout these years. Before joining the Company, he was a portfolio manager with Legg Mason where he managed the Hong Kong/the PRC markets and a vice-president of Deutsche Securities Asia where he was responsible for business in the PRC markets.

Mr. Lin Zhi Wei, aged 37, the Chief Technology Officer of the Group. Mr. Lin graduated from Tsinghua University in the PRC majoring in automatic control. He was a senior engineer of Chinese Academy of Sciences and was appointed as one of the first batch of expert members of the National E-Government Consultant and Training Expert Committee (國家電子政務諮詢培訓專家委員會) where he took charge of several major government informatization construction projects, and developed the first 彩證通 (selling lotteries on securities trading platforms) and 彩銀通 (selling lotteries on banking platforms) systems of the PRC. Mr. Lin has rich experience in lottery operation and major information system construction. In 2002, he was engaged in establishing Shenzhen Bozone IT Co. Ltd, and served as its chief operating officer. Mr. Lin was the first one to bring forward the conception of selling lotteries on mobile phone, digital television, movable termination and internet. He focuses on developing and using new public platforms to expand lottery-related businesses.

Mr. Ji Feng Qing, aged 45, the Chief Executive Officer of Shenzhen Huancai. Mr. Ji graduated from Nankai University in the PRC and obtained a Bachelor Degree in History. Currently, he is studying for the Master of Finance in Nankai University. Mr. Ji has been working in the industry of lottery business operation and information technology in the PRC since 1993 and has gained extensive management experience throughout these years. He has over 17 years' experience in the areas of marketing, sales, finance and management in the information technology industry. Mr. Ji was one of the founders of Shenzhen Huancai.

Mr. Wu Bin, aged 36, the Chief Technology Officer of Shenzhen Huancai. Mr. Wu graduated from Tsinghua University in the PRC and obtained a Master Degree in Electrical Engineering. He has been working in the industry of lottery business operation and electrical engineering in the PRC since 2001 and has gained extensive management experience throughout these years. Mr. Wu has over 10 years' experience in the areas of marketing, sales, and management in the electrical engineering and information technology industry. He was one of the founders of Shenzhen Huancai.

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements of the Group for the year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 16 to the consolidated financial statements.

An analysis of the Group's performance for the year by business segments is set out in note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's loss for the year ended 31 December 2010 and the state of affairs of the Group and of the Company as at that date are set out in the consolidated financial statements on pages 29 to 125.

The Directors do not recommend the payment of any dividend in respect of the year (2009: Nil).

SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE BONDS

Details of the movements in the Company's share capital, share options, and convertible bonds during the year, together with the reasons thereof, are set out in notes 30, 32 and 27 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in note 31 to the consolidated financial statements and the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

In accordance with the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium account is distributable to the Shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be able to pay its debts as they fall due in the ordinary course of business. As at 31 December 2010, the Company did not have any reserves available for distribution (2009: Nil).

PROPERTY, PLANT AND EQUIPMENT

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

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association ("**Articles**") or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and the assets and liabilities of the Group for the last five financial years as extracted from the audited consolidated financial statements of the Group is set out on page 126 of the annual report of the Company for the year ended 31 December 2010 ("**Annual Report**"), of which this report forms part.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed in the Annual Report, during the year, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the purchases and sales percentage from the major customers and suppliers of the Group is set out below:

		Percentage of total purchases
(1)	**Purchases**	
	– the largest supplier	59%
	– the five largest suppliers combined	99%

		Percentage of total sales
(2)	**Sales**	
	– the largest customer *(Note)*	19%
	– the five largest customers combined	88%

As far as the Directors are aware, none of the Directors or any of their associates, or any Shareholders (which, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers for the year.

Note: The largest customers are 大連銀洲房地產開發有限公司 and 傅氏國際雙金屬有限公司 which accounted for 19% each of the total sales of the Group.

DIRECTORS

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

Executive Directors

Mr. Leung Ngai Man
Mr. Ng Kwok Chu, Winfield
Ms. Wu Wei Hua

Independent non-executive Directors

Dr. Leung Wai Cheung	
Mr. Cai Wei Lun	
Mr. Gao Shikui	(resigned on 31 March 2010)
Mr. Wang Jun Sui	(appointed on 30 June 2010 and resigned on 28 October 2010)

In accordance with articles 87 (1) and (2) of the Articles, Mr. Leung Ngai Man and Ms. Wu Wei Hua will retire as Directors by rotation and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company ("**AGM**").

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received annual written confirmations from each of its independent non-executive Directors in respect of their independence during the year and all independent non-executive Directors are still being considered to be independent.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 10 to 11 of the Annual Report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTOR'S INTERESTS IN CONTRACTS

Save as disclosed in note 39 to the consolidated financial statements, no Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2010, the interests and short positions of the Directors in the share capital of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong ("**SFO**")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in the ordinary Shares and underlying Shares

Name of Directors	Capacity	Number of Shares	Number of underlying Shares	Total number of Shares and underlying Shares	Approximate percentage of the issued share capital
Mr. Leung Ngai Man ("**Mr. Leung**")	Beneficial owner	2,539,210,000	795,416,666	3,334,626,666	36.81
	Through a controlled corporation	1,474,400 *(Note 1)*	–	1,474,400	0.02
Mr. Ng Kwok Chu, Winfield ("**Mr. Ng**")	Beneficial owner	472,500	10,000,000 *(Note 2)*	10,472,500	0.12
Ms. Wu Wei Hua ("**Ms. Wu**")	Beneficial owner	–	10,000,000 *(Note 3)*	10,000,000	0.11

Notes:

1. These Shares were held by Speedy Well Investments Limited ("**Speedy Well**") which was wholly and beneficially owned by Mr. Leung. By virtue of the SFO, Mr. Leung was deemed to be interested in the Shares held by Speedy Well.

2. On 10 July 2008, Mr. Ng was granted share options pursuant to the Share Option Scheme to subscribe for a total of 20,000,000 shares at an exercise price of HK$0.1328 per share. The options would be exercisable during the period from 10 July 2008 to 29 June 2017. As a result of the consolidation of every two shares in the issued and unissued share capital of the Company into one consolidated share of HK$0.001 each which became effective on 21 October 2008 ("**Share Consolidation**"), the relevant subscription price was adjusted from HK$0.1328 to HK$0.2656 per Share and the number of Shares falling to be issued under the outstanding share options was adjusted from 20,000,000 shares to 10,000,000 Shares.

3. On 10 July 2008, Ms. Wu was granted share options, pursuant to the Share Option Scheme to subscribe for a total of 20,000,000 shares at an exercise price of HK$0.1328 per share. The options would be exercisable during the period from 10 July 2008 to 29 June 2017. As a result of the Share Consolidation, the relevant subscription price was adjusted from HK$0.1328 to HK$0.2656 per Share and the number of Shares falling to be issued under the outstanding share options was adjusted from 20,000,000 shares to 10,000,000 Shares.

Save as disclosed above, none of the Directors had registered any interest or short positions in the Shares or underlying Shares or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Directors' interests and short positions in the Shares and underlying Shares or any associated corporations" and in the Share Option Scheme disclosure in note 32 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

Details of the Share Option Scheme which replaced its old share option scheme adopted on 19 February 2001 are set out in note 32.

Details of the share options granted under the Share Option Scheme and remain outstanding as at 31 December 2010 are as follow:

Name or category of participant	Share option type	Number of share options					Date of grant of options	Exercise period of share options	Exercise price of share option#	Closing price of Shares immediately before the date of grant of options#
		At 1 January 2010#	Granted	Exercised	Cancelled/ Lapsed	At 31 December 2010#			HK$	HK$
Directors										
Mr. Ng Kwok Chu, Winfield	2008	10,000,000	–	–	–	10,000,000	10 July 2008	10 July 2008 to 29 June 2017	0.2656	0.258
Ms. Wu Wei Hua	2008	10,000,000	–	–	–	10,000,000	10 July 2008	10 July 2008 to 29 June 2017	0.2656	0.258
Sub-total		20,000,000	–	–	–	20,000,000				
Other eligible employees and others										
In aggregate	2007(a)	48,000,000	–	–	–	48,000,000	9 July 2007	9 July 2007 to 29 June 2017	0.2850	0.248
	2007(b)	41,000,000	–	–	–	41,000,000	22 August 2007	22 August 2007 to 29 June 2017	0.4060	0.364
	2008	51,250,000	–	–	(11,250,000)	40,000,000	10 July 2008	10 July 2008 to 29 June 2017	0.2656	0.258
	2009	83,110,000	–	(70,110,000)	–	13,000,000	10 December 2009	10 December 2009 to 29 June 2017	0.1176	0.113
	2010(a)	–	36,000,000	(36,000,000)	–	–	8 March 2010	8 March 2010 to 29 June 2017	0.1280	0.1280
	2010(b)	–	36,000,000	(36,000,000)	–	–	29 March 2010	29 March 2010 to 29 June 2017	0.1310	0.1260
Sub-total		223,360,000	72,000,000	(142,110,000)	(11,250,000)	142,000,000				
Total		243,360,000	72,000,000	(142,110,000)	(11,250,000)	162,000,000				
Weighted average exercise price ***		0.2425	0.1295	0.2300	0.2656	0.2950				

Notes:

*** The weighted average exercise price was adjusted under Share Consolidation.

The exercise price of the share options was subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital. Following the Share Consolidation with effect from 21 October 2008, the total number of share options outstanding and the exercise price of the share options outstanding had been adjusted accordingly.

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2010, no person or company (other than the Directors) had an interest or short positions in the Shares, underlying Shares and debentures of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO and were directly or indirectly interest in 5% or more of the nominal value of any class of the share capital carrying rights to vote on all circumstances at general meeting of any other members of the Group.

CONTRACT OF SIGNIFICANCE

During the year, the Group did not enter into any contract of significance with its controlling Shareholders or any of its subsidiaries.

During the year, no contract of significance for the provision of services to the Group by a controlling Shareholder or any of its subsidiaries was made.

CONNECTED AND RELATED PARTY TRANSACTIONS

Details of the related party transactions for the year are set out in note 39 to the consolidated financial statements and such related party transactions do not fall under the definition of "connected transaction" or "continuing connected transaction" in chapter 20 of the GEM Listing Rules.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management Shareholders or substantial Shareholders or any of their respective associates has engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interests with the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report. The Company has maintained a sufficient public float in compliance with Rule 18.08B of the GEM Listing Rules.

EVENT AFTER THE REPORTING PERIOD

Change of Company Name

With effect from the passing of the special resolution relating to the change of Company's name on 9 December 2010, the name of the Company has been changed to "China Netcom Technology Holdings Limited 中彩網通控股有限公司". The certificate of incorporation on change of name has been issued by the Registrar of Companies in the Cayman Islands on 10 December 2010 and the certificate of registration of change of corporate name of non-Hong Kong company has been issued by the Registrar of Companies in Hong Kong on 6 January 2011.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control and risk management systems of the Group. During the year, the audit committee held four meetings. The annual results of the Group for the year ended 31 December 2010 have been reviewed by the audit committee which is of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange requirements and other legal requirements, and that adequate disclosures have been made.

Further details of the audit committee are set out in the Corporate Governance Report included in the Annual Report.

CORPORATE GOVERNANCE

A report detailed corporate government is set out on pages 20 to 26 in the annual report.

AUDITORS

HLB Hodgson Impey Cheng ("**HLB**") will retire at the AGM and, being eligible, offer themselves for re-appointment as auditors of the Company. A resolution for the re-appointment of HLB as auditors of the Company will be proposed at the AGM.

By order of the Board
China Netcom Technology Holdings Limited
Ng Kwok Chu, Winfield
Executive Director

Hong Kong, 14 February 2011

CORPORATE GOVERNANCE REPORT

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and, save as disclosed herein, has complied with the code provisions of the Code on Corporate Governance Practices ("**CG Code**") as set out in Appendix 15 to the GEM Listing Rules throughout the year ended 31 December 2010.

THE BOARD AND THE MEETINGS OF THE BOARD

The Board has overall responsibility for the stewardship of the Group, including the responsibilities for the adoption of long-term strategies and appointing and supervising senior management to ensure that the operation of the Group is conducted in accordance with the objective of the Group. The senior management committee was established on 27 June 2005 and of its members are Mr. Leung Ngai Man, the Chairman of the Board, Mr. Ng Kwok Chu, Winfield and Ms. Wu Wei Hua, the three executive Directors.

The Board currently comprises five Directors and their respective roles are set out as follows:

Mr. Leung Ngai Man	Chairman and Executive Director
Mr. Ng Kwok Chu, Winfield	Executive Director
Ms. Wu Wei Hua	Executive Director
Dr. Leung Wai Cheung	Independent non-executive Director
Mr. Cai Wei Lun	Independent non-executive Director

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules.

Following the resignation of Mr. Wang Jun Sui as an independent non-executive Director on 28 October 2010, the Company has only two independent non-executive Directors whom the Board considers to have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of the Shareholders. Currently, Dr. Leung Wai Cheung and Mr. Cai Wei Lun are the independent non-executive Directors. Both of them are under a term of service of one year commencing from the date of their respective appointment or the date of entering into their respective service contract. All Directors, including the independent non-executive Directors, are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles, provided that the appointment may be terminated by the Company or the Director concerned with a written notice of not less than one month unless both parties agreed otherwise.

During the year, the Board had undergone the following changes:

– Mr. Gao Shikui resigned from the office of an independent non-executive Director on 31 March 2010 for pursuing his business development; and

– Mr. Wang Jun Sui was appointed as an independent non-executive Director on 30 June 2010 and resigned on 28 October 2010 for pursuing his business development.

The Company had at least three independent non-executive Directors during the year except for the following period:

- Following the resignation of Mr. Gao Shikui on 31 March 2010 and up to 29 June 2010, the date on which Mr. Wang Jun Sui was appointed as an independent non-executive Director and a member of the audit committee of the Company, the number of independent non-executive Directors and audit committee members of the Company fell below the minimum number required under Rules 5.05(1) and 5.28 of the GEM Listing Rules respectively; and

- Following the resignation of Mr. Wang Jun Sui on 28 October 2010, the number of independent non-executive Directors and audit committee members of the Company fell below the minimum number required under Rules 5.05(1) and 5.28 of the GEM Listing Rules respectively.

Save for the co-directorship of Mr. Leung Ngai Man, Mr. Ng Kwok Chu, Winfield, Dr. Leung Wai Cheung and Mr. Cai Wei Lun in Sino Prosper, and Ms. Wu Wei Hua being the financial controller of Sino Prosper and its subsidiaries in the PRC, there is no relationship (including financial, business, family or other material/relevant relationships) among members of the Board. All of them are free to exercise their independent judgement. The Company has received annual written confirmations from all independent non-executive Directors in respect of their independence during the year pursuant to the GEM Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the GEM Listing Rules.

In accordance with the Articles, one-third of the Directors are subject to retirement by rotation or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from the office and being eligible offer themselves for re-election provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The Directors to be retired by rotation shall be those who have been longest in office since their last appointment or re-appointment or those who were appointed by the Board during the year to fill any casual vacancy.

The Board meets regularly (at least four times a year at quarterly intervals) for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. Additional meetings are convened as and when the Board considers necessary. 16 Board meetings (four of which were regular Board meetings) were held during the year. The Directors attended those meetings in person, by phone or through other electronic means of communication. The attendance record of each Director during the year ended 31 December 2010 is set out below:

Directors	Number of Board meetings attended/eligible to attend
Executive Directors	
Mr. Leung Ngai Man	16/16
Mr. Ng Kwok Chu, Winfield	15/16
Ms. Wu Wei Hua	15/16
Independent non-executive Directors	
Dr. Leung Wai Cheung	9/16
Mr. Cai Wei Lun	10/16
Mr. Gao Shikui (resigned on 31 March 2010)	1/5
Mr. Wang Jun Sui (appointed on 30 June 2010 and resigned on 28 October 2010)	1/4

Execution of daily operational matters is delegated to the management.

In case where conflict of interest arises involving a substantial Shareholder or a Director, such matter will not be dealt with by written resolutions. Independent non-executive Directors with no conflict of interest will be dealt with such conflict issues.

The board committees of the Company, including the Audit Committee and the Remuneration Committee, have all adopted the applicable practices and procedures used in the Board meetings for all committee meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The appointment of the chief executive officer of the Company remains outstanding. The Company is still looking for a suitable candidate to fill the vacancy in order to comply with the CG Code.

NOMINATION OF DIRECTORS

The selection and appointment of a Director and the Directors' independence are determined by the full Board. The Board also reviews its composition (including skills, knowledge and experience of its members) regularly to ensure its members can provide balanced skills and experience. The Board is satisfied with the current system of Director's nomination and appointment and therefore it does not consider the establishment of a nomination committee is necessary.

The Audit Committee and the Remuneration Committee have adopted specific terms of reference clearly defining their respective powers and responsibilities. These committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any actions.

The Board reviews, on a yearly basis, all delegations by the Board to each of the committees to ensure that such delegations are appropriate and continue to be beneficial to the Group as a whole.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 27 June 2005, comprising all the independent non-executive Directors and the Chairman of the Board.

The committee is currently chaired by Dr. Leung Wai Cheung and other members include Mr. Cai Wei Lun and Mr. Leung Ngai Man.

The role and functions of the Remuneration Committee include the determination of the specific remuneration packages of all Directors, which include benefits in kind, pension rights and compensation payments, comprising any compensation payable for loss or termination of their office or appointment. The Remuneration Committee also considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee collects and reviews the remuneration plan and policy of all Directors and the senior management of the Group by reference to the prevailing rate which other companies listed on GEM adopt.

During the year ended 31 December 2010, five meetings of the Remuneration Committee were held. Details of the attendance of the meeting are as follows:

Members	**Number of Remuneration Committee meetings attended/eligible to attend**
Dr. Leung Wai Cheung	5/5
Mr. Cai Wei Lun	5/5
Mr. Gao Shikui (resigned on 31 March 2010)	0/1
Mr. Wang Jun Sui (appointed on 30 June 2010 and resigned on 28 October 2010)	0/2

During the year, the Remuneration Committee had undergone the following changes:

– Mr. Gao Shikui resigned from the office of a member of the Remuneration Committee on 31 March 2010 for pursuing his own business development; and

– Mr. Wang Jun Sui was appointed as a member of the Remuneration Committee on 30 June 2010 and resigned on 28 October 2010 for pursuing his own business development.

AUDITORS' REMUNERATION

As at 31 December 2010, the fee payable to the auditors in respect of the audit and non-audit services provided by the auditors of the Group is as follows:

Type of services	**Amount** *(HK$'000)*
Audit services	800
Non-audit services	784

AUDIT COMMITTEE AND ACCOUNTABILITY

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance and prospects. The Board is also responsible for preparing the accounts of the Company, which give a true and fair view of the financial position of the Group on a going concern basis, and other price-sensitive announcements and financial disclosures. The management provides all relevant information and records to the Board enabling the Board to make the above assessment and to prepare the accounts and other financial disclosures.

In full compliance with Rule 5.28 of GEM Listing Rules, the Audit Committee, which has been established since the listing of the Company, was composed of the three independent non-executive Directors. Following the resignation of Mr. Wang Jun Sui as independent non-executive Director on 28 October 2010, the Audit Committee is currently chaired by Dr. Leung Wai Cheung with the other member being Mr. Cai Wei Lun.

During the year, the following persons served as members of the Audit Committee:

Name	Service period
Dr. Leung Wai Cheung	From 1 January 2010 to 31 December 2010
Mr. Cai Wei Lun	From 1 January 2010 to 31 December 2010
Mr. Gao Shikui	From 1 January 2010 to 31 March 2010
Mr. Wang Jun Sui	From 30 June 2010 to 28 October 2010

During the year, no former partner of the Company's existing auditing firm acted as a member of the Audit committee within one year on the date of his or her ceasing to be a partner or had any financial interest in the auditing firm.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors during the year.

The Audit Committee's primary duties include ensuring the Group's consolidated financial statements, annual, interim and quarterly reports, and the auditors' report present a true and balanced assessment of the Group's financial position, reviewing the Group's financial control, internal control and risk management systems and reviewing the Group's financial and accounting policies and practices.

The work done by the Audit Committee during the year ended 31 December 2010 are set out as follows:–

(a) reviewing and recommending the annual report, interim report and quarterly reports for the relevant period or year to the Board for approval;

(b) discussing the application of the new accounting policy with the external auditors;

(c) recommending the re-appointment of the auditors to the Board for approval; and

(d) reviewing the internal control system and the recommendation made by the external auditors.

The Audit Committee is provided with sufficient resources enabling it to discharge its duties.

For the financial year ended 31 December 2010, the Audit Committee held four meetings. The individual attendance record of each member of the Audit Committee is as follows:

Member	Number of Audit Committee meetings attended/ eligible to attend
Dr. Leung Wai Cheung	4/4
Mr. Cai Wei Lun	4/4
Mr. Gao Shikui (resigned on 31 March 2010)	1/1
Mr. Wang Jun Sui (appointed on 30 June 2010 and resigned on 28 October 2010)	1/1

The secretary of the Company keeps full minutes of all meetings of the Audit Committee. In line with practices of the meetings of the Board and other committees, draft and final versions of the minutes of the meetings of the Audit Committee are circulated to all members of the Audit Committee for comments, approval and record as soon as practicable after each meeting.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

During the year, the Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company. Upon the Group's specific enquiry, each Director confirmed that during the year ended 31 December 2010, he or she had fully complied with the required standard of dealings and there was no event of non-compliance.

DIRECTORS' AND AUDITORS' ACKNOWLEDGEMENT

All Directors acknowledge their responsibility for preparing the accounts for the year ended 31 December 2010.

The auditors of the Company acknowledge their reporting responsibilities in the auditors' report on the consolidated financial statements for the year ended 31 December 2010.

INTERNAL CONTROL

The Board has conducted a review of the effectiveness of the Group's internal control system, covering its financial, operational, compliance control and risk management functions.

By order of the Board
China Netcom Technology Holdings Limited
Ng Kwok Chu, Winfield
Executive Director

Hong Kong, 14 February 2011

INDEPENDENT AUDITORS' REPORT

國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

TO THE SHAREHOLDERS OF
CHINA NETCOM TECHNOLOGY HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Netcom Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 125, which comprise the consolidated and company statements of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of 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.

Opinion

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

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 14 February 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Notes	**2010 HK$'000**	2009 HK$'000
Revenue	5	**2,675**	2,057
Cost of sales		**(2,174)**	(1,867)
Gross profit		**501**	190
Other income and gains	7	**334**	71
Administrative expenses		**(30,762)**	(22,106)
Impairment loss of goodwill	17	**(1,082,300)**	(127,400)
Impairment loss of other intangible assets	19	**(1,629,552)**	(287,020)
Loss on early redemption of promissory note	28	**(11,520)**	–
Finance costs	8	**(43,849)**	(21,280)
Other operating expenses		**(23,873)**	(969)
Share of loss of an associate	20	**(50)**	–
Loss before tax		**(2,821,071)**	(458,514)
Income tax credit	9	**237,433**	44,244
Loss for the year	10	**(2,583,638)**	(414,270)
Other comprehensive income/(expense), net of income tax			
Exchange differences on translating foreign operations		**121,739**	(4,722)
Share of other comprehensive income of an associate	20	**11**	–
Other comprehensive income/(expense) for the year, net of income tax		**121,750**	(4,722)
Total comprehensive expense for the year		**(2,461,888)**	(418,992)
Loss attributable to:			
Owners of the Company	11	**(1,887,273)**	(365,512)
Non-controlling interests		**(696,365)**	(48,758)
		(2,583,638)	(414,270)
Total comprehensive expense attributable to:			
Owners of the Company		**(1,800,525)**	(370,167)
Non-controlling interests		**(661,363)**	(48,825)
		(2,461,888)	(418,992)
Loss per share	14		
– Basic and diluted (HK cents per share)		**(37.6)**	(11.6)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	15	**2,113**	277
Goodwill	17	**402,016**	1,002,198
Other intangible assets	19	**746,897**	22,158
Interest in an associate	20	**343**	–
Available-for-sale investment	21	**118**	–
		1,151,487	1,024,633
Current assets			
Trade and other receivables	22	**1,672**	580
Amount due from a non-controlling interest of a subsidiary	23	**457**	–
Pledged bank deposit	24	**210**	209
Cash and bank balances	24	**348,172**	11,422
		350,511	12,211
Current liabilities			
Trade and other payables	25	**13,028**	1,851
Amount due to a non-controlling interest of a subsidiary	26	**212**	–
Current tax liabilities		**3**	11
		13,243	1,862
Net current assets		**337,268**	10,349
Total assets less current liabilities		**1,488,755**	1,034,982
Non-current liabilities			
Convertible bonds	27	**90,944**	–
Promissory note	28	**559,948**	–
Deferred tax liabilities	29	**125,926**	–
		776,818	–
Net assets		**711,937**	1,034,982
Capital and reserves			
Share capital	30	**9,059**	3,626
Reserves		**391,905**	1,029,513
Equity attributable to owners of the Company		**400,964**	1,033,139
Non-controlling interests		**310,973**	1,843
Total equity		**711,937**	1,034,982

The consolidated financial statements on pages 29 to 125 were approved and authorised for issue by the board of directors on 14 February 2011 and signed on its behalf by:

Leung Ngai Man
Director

Ng Kwok Chu, Winfield
Director

STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	15	**97**	159
Investments in subsidiaries	16	**984,276**	1,035,296
		984,373	1,035,455
Current assets			
Prepayments, deposits and other receivables	22	**25**	160
Amounts due from subsidiaries	16	**152,777**	–
Cash and bank balances	24	**277,239**	124
		430,041	284
Current liabilities			
Other payables and accruals	25	**1,077**	5
Amounts due to subsidiaries	16	**33,797**	3,797
		34,874	3,802
Net current assets/(liabilities)		**395,167**	(3,518)
Total assets less current liabilities		**1,379,540**	1,031,937
Non-current liabilities			
Convertible bonds	27	**90,944**	–
Promissory note	28	**559,948**	–
Deferred tax liabilities	29	**17,347**	–
		668,239	–
Net assets		**711,301**	1,031,937
Capital and reserves			
Share capital	30	**9,059**	3,626
Reserves	31	**702,242**	1,028,311
Total equity		**711,301**	1,031,937

Leung Ngai Man
Director

Ng Kwok Chu, Winfield
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium account HK$'000	Capital redemption reserve HK$'000	Convertible bonds equity reserve HK$'000	Share options reserve HK$'000	Foreign currency translation reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Attributable to non–controlling interests HK$'000	Total HK$'000
Balance at 1 January 2009	2,797	1,006,434	1	115,682	14,655	(77)	(49)	(94,294)	1,045,149	50,668	1,095,817
Loss for the year	–	–	–	–	–	–	–	(365,512)	(365,512)	(48,758)	(414,270)
Other comprehensive expense for the year	–	–	–	–	–	(4,655)	–	–	(4,655)	(67)	(4,722)
Total comprehensive expense for the year	–	–	–	–	–	(4,655)	–	(365,512)	(370,167)	(48,825)	(418,992)
Recognition of equity-settled share-based payments	–	–	–	–	9,672	–	–	–	9,672	–	9,672
Issue of ordinary shares under share option scheme *(Note 30 (i))*	166	17,761	–	–	(5,841)	–	–	–	12,086	–	12,086
Exercise of convertible bonds *(Note 30 (ii))*	663	451,162	–	(114,603)	–	–	–	–	337,222	–	337,222
Redemption of convertible bonds	–	–	–	(1,079)	–	–	–	256	(823)	–	(823)
Balance at 31 December 2009	3,626	1,475,357*	1*	–*	18,486*	(4,732)*	(49)*	(459,550)*	1,033,139	1,843	1,034,982

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium account HK$'000	Capital redemption reserve HK$'000	Convertible bonds equity reserve HK$'000	Share options reserve HK$'000	Foreign currency translation reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2010	3,626	1,475,357	1	–	18,486	(4,732)	(49)	(459,550)	1,033,139	1,843	1,034,982
Loss for the year	–	–	–	–	–	–	–	(1,887,273)	(1,887,273)	(696,365)	(2,583,638)
Other comprehensive income for the year	–	–	–	–	–	86,748	–	–	86,748	35,002	121,750
Total comprehensive income/ (expense) for the year	–	–	–	–	–	86,748	–	(1,887,273)	(1,800,525)	(661,363)	(2,461,888)
Non-controlling interests arising on acquisition of subsidiaries *(Note 35)*	–	–	–	–	–	–	–	–	–	970,493	970,493
Recognition of equity-settled share-based payments	–	–	–	–	720	–	–	–	720	–	720
Issue of new ordinary shares *(Note 30 (iii))*	2,564	423,515	–	–	–	–	–	–	426,079	–	426,079
Transaction costs attributable to issue of new ordinary shares	–	(10,128)	–	–	–	–	–	–	(10,128)	–	(10,128)
Issuance of Consideration Shares *(Note 30 (iv))*	200	33,400	–	–	–	–	–	–	33,600	–	33,600
Issue of ordinary shares under share option scheme *(Note 30 (i))*	142	21,379	–	–	(3,952)	–	–	–	17,569	–	17,569
Lapse of share options	–	–	–	–	(1,118)	–	–	1,118	–	–	–
Recognition of the equity component of convertible bonds *(Note 27)*	–	–	–	439,210	–	–	–	–	439,210	–	439,210
Deferred tax relating to convertible bonds	–	–	–	(17,347)	–	–	–	–	(17,347)	–	(17,347)
Exercise of convertible bonds *(Note 30 (ii))*	2,527	610,195	–	(334,075)	–	–	–	–	278,647	–	278,647
Balance at 31 December 2010	**9,059**	**2,553,718***	**1***	**87,788***	**14,136***	**82,016***	**(49)***	**(2,345,705)***	**400,964**	**310,973**	**711,937**

* The aggregate amount of these reserve accounts is included in the consolidated reserves of HK$391,905,000 (2009: HK$1,029,513,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Cash flows from operating activities			
Loss for the year		**(2,583,638)**	(414,270)
Adjustments for:			
Income tax credit recognised in profit or loss		**(237,433)**	(44,244)
Share of loss of an associate		**50**	–
Finance costs recognised in profit or loss		**43,849**	21,280
Interest income		**(216)**	(8)
Loss on disposal of property, plant and equipment		**10**	–
Gain on disposal of property classified as held for sale		**–**	(18)
Gain on disposal of a subsidiary		**–**	(45)
Loss on redemption of convertible bonds		**–**	969
Loss on early redemption of promissory note		**11,520**	–
Depreciation of property, plant and equipment		**331**	126
Amortisation of other intangible assets		**23,863**	–
Impairment loss of goodwill		**1,082,300**	127,400
Impairment loss of other intangible assets		**1,629,552**	287,020
Expense recognised in respect of equity-settled share-based payments		**720**	9,672
		(29,092)	(12,118)
Movements in working capital			
Decrease in trade and other receivables		**717**	6,488
Decrease in amount due from an associate		**218**	–
Increase in amount due from a non-controlling interest of a subsidiary		**(182)**	–
Increase/(Decrease) in trade and other payables		**9,636**	(2,462)
Decrease in amounts due to non-controlling interests of subsidiaries		**(2,782)**	–
Cash used in operations		**(21,485)**	(8,092)
Income taxes paid		**(16)**	(2)
Net cash used in operating activities		**(21,501)**	(8,094)
Cash flows from investing activities			
Purchase of available-for-sale investment		**(118)**	–
Interest received		**216**	8
Increase in pledged bank deposit		**(1)**	(3)
Increase in short-term bank deposits		**(12,056)**	–
Payments for property, plant and equipment		**(850)**	(1,417)
Proceeds from disposal of property, plant and equipment		**198**	–
Proceeds from disposal of property classified as held for sale		**–**	12,615
Payments for other intangible assets		**(41)**	(1,086)
Net cash outflow on acquisition of subsidiaries	35	**(46,312)**	–
Net cash inflow on disposal of a subsidiary		**–**	1,451
Net cash (used in)/generated by investing activities		**(58,964)**	11,568

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Cash flows from financing activities			
Proceeds from issue of new ordinary shares		**426,079**	–
Proceeds from issue of ordinary shares under share option scheme		**17,569**	12,086
Payment for transaction costs attributable to issue of new ordinary shares		**(10,128)**	–
Payment for redemption of convertible bonds		**–**	(5,000)
Repayment of promissory note		**(29,000)**	–
Net cash generated by financing activities		**404,520**	7,086
Net increase in cash and cash equivalents		**324,055**	10,560
Cash and cash equivalents at the beginning of year		**11,422**	889
Effect of foreign exchange rate changes, net		**639**	(27)
Cash and cash equivalents at the end of year		**336,116**	11,422
Analysis of the balances of cash and cash equivalents	24		
Cash and bank balances		**348,172**	11,422
Short-term bank deposits		**(12,056)**	–
Cash and cash equivalents at the end of year		**336,116**	11,422

1. GENERAL INFORMATION

China Netcom Technology Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (1998 Revision) of the Cayman Islands and its shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company was formerly known as China Metal Resources Holdings Limited. Pursuant to the special resolution passed by the shareholders at the extraordinary general meeting of the Company held on 9 December 2010, the Company changed its name from "China Metal Resources Holdings Limited 中國金屬資源控股有限公司" to "China Netcom Technology Holdings Limited 中彩網通控股有限公司". The certificate of incorporation on change of name has been issued by the Registrar of Companies in the Cayman Islands on 10 December 2010 and the certificate of registration of change of corporate name of non-Hong Kong company has been issued by the Registrar of Companies in Hong Kong on 6 January 2011.

During the year, the Company and its subsidiaries (together referred to as the "Group") was involved in the following principal activities:

– provision of staff secondment
– trading of computer hardware and software
– exploration of mines
– development of computer software, hardware and application system, sale of self-developed technology or results, provision of relevant technical consultancy services in the People's Republic of China (excluding Hong Kong) (the "PRC") and development and provision of operation software system sector of the PRC lottery market

The consolidated financial statements are presented in Hong Kong dollars, which is the same as 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 (hereinafter collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the Group's financial year beginning 1 January 2010.

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

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

HKFRS 3 (as revised in 2008) Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

The impact of the application of HKFRS 3 (as revised in 2008) is as follows:

- HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.

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

HKFRS 3 (as revised in 2008) Business Combinations (Continued)

- HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

- HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

The impact of adoption of HKFRS 3 (as revised in 2008) on the acquisition during the current period has been related to the acquisition-related costs. It requires acquisition-related costs to be accounted for separately from the business combination. As a result, the Group has recognised these costs as an expense in profit or loss, whereas previously they would have been accounted as part of the cost of the acquisition. The acquisition costs in the current period were insignificant.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

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

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

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

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements (Continued)

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

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent. The adoption of HKAS 27 (as revised in 2008) had no material impact in the current period.

New and revised standards and interpretations in issue but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-Time Adopters[3]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (as revised in 2009)	Related Party Disclosures[4]
HKAS 32 (Amendments)	Classification of Rights Issues[2]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

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 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 July 2011.
6 Effective for annual periods beginning on or after 1 January 2012.
7 Effective for annual periods beginning on or after 1 January 2013.

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

New and revised standards and interpretations in issue but not yet effective (Continued)

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose 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 and 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 January 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1 January 2010

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to accumulated losses). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Changes in the Group's ownership interests in existing subsidiaries prior to 1 January 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations

Business combinations that took place on or after 1 January 2010

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

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

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

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

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Business combinations that took place on or after 1 January 2010 (Continued)

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Business combinations that took place prior to 1 January 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The minority interest in the acquiree was initially measured at the minority interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less any impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

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

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

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

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

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

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

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

Revenue from a contract to provide services is recognised when the services are rendered.

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 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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

From 1 January 2010 onwards, on the 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, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate 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. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in the foreign currency translation reserve.

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 in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Hong Kong Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the Hong Kong Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the Hong Kong Scheme. The assets of the Hong Kong Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Hong Kong Scheme.

Pursuant to the relevant regulations of the government of the PRC, subsidiaries of the Company operating in the PRC participate in a local municipal government retirement benefits scheme (the "PRC Scheme"), whereby the subsidiaries are required to make contributions, as calculated under the rules specified by the relevant PRC local government authorities, to the PRC Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries. The only obligation of the Group with respect to the PRC Scheme is to pay the ongoing required contributions under the PRC Scheme mentioned above. Contributions under the PRC Scheme are charged to the statement of comprehensive income as incurred. There are no provisions under the PRC Scheme whereby forfeited contributions may be used to reduce future contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment arrangements

Share options granted by the Company to employees of the Group in an equity-settled share-based payment arrangement

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

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

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

Share options granted to consultants in an equity-settled share-based payment transactions

Share options issued in exchange for goods or services are measured at fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of goods or services received are recognised as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share options reserve).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 of items of income or expense that are taxable or deductible in other years and 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 bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each 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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, as follows:

Furniture, fixtures and fittings	2-5 years
Computer and office equipment	2-5 years
Motor vehicles	5-10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Exploration and evaluation assets

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation assets include topographical and geological survey drilling, exploratory drillings, sampling and trenching and expenditure incurred for the technical feasibility studies and incurred to secure further mineralisation in the mine ore. Expenditure incurred prior to obtaining the exploration and evaluation rights to explore an area are written off as incurred. Once the technical feasibility and commercial viability of extracting the mineral resource had been determined and that the project reaches development phase, exploration and evaluation costs capitalised are amortised. If exploration property is abandoned during the evaluation stage, the total expenditure thereon will be written off.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with HKAS 36 *Impairment of Assets* whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment of tangible and intangible assets other than goodwill and exploration and evaluation assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets other than goodwill and exploration and evaluation 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 a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

Provisions

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised 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

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 and points 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 debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near future; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

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

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

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

- the financial 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 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the consolidated statement of comprehensive income.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets **(Continued)**

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

AFS financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. Where the financial asset is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amount due from a non-controlling interest of a subsidiary, pledged bank deposit and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

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 considered to be impaired when 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 investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a 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.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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 or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the consolidated statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Other financial liabilities (including trade and other payables, amount due to a non-controlling interest of a subsidiary, convertible bonds and promissory note) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Convertible bonds

Convertible bonds issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to accumulated losses. 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 and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible bonds using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. 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 and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

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

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies (Continued)

Impairment of other intangible assets – exploration and evaluation assets

The carrying value of exploration and evaluation assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The Group considers all facts and circumstances occurred to judge whether these facts and circumstances would suggest that the carrying amount of the exploration and evaluation assets may exceed its recoverable amount (i.e. impaired). Based on the judgement of the directors, there was no impairment on the exploration and evaluation assets and no impairment loss is recognised for the year ended 31 December 2010. Management reassesses the impairment of intangible assets at the end of the reporting period.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amount of cash-generating units ("CGUs") has been determined based on value in use calculation. This calculation requires the use of estimates (note 18).

An impairment charge of HK$674,000,000 (2009: HK$127,400,000) arose in the cash generating unit ("CGU") of exploration of mines during the course of the 2010 resulting in the carrying amount of the CGU of exploration of mines being written down to its recoverable amount. If the estimated gold price used in the value in use calculation for the CGU of exploration of mines had been 5% (2009: 5%) lower than management's estimates at 31 December 2010, the Group would have recognised a further impairment of goodwill by approximately HK$29,000,000 (2009: HK$78,033,000). If the estimated pre-tax discount rate applied to the discounted cash flows for the CGU of exploration of mines had been 1% higher than management's estimates (for example, 35.3% instead of 34.3%, (2009: 22.94% instead of 21.94%)), the Group would have recognised a further impairment against goodwill of approximately HK$10,000,000 (2009: HK$75,311,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of goodwill (Continued)

An impairment charge of HK$408,300,000 arose in the CGU of the lottery business during the course of the 2010 resulting in the carrying amount of the CGU of the lottery business being written down to its recoverable amount. If the estimated growth rate used in the value in use calculation for the CGU of the lottery business had been 5% lower than management's estimates at 31 December 2010, the Group would have recognised a further impairment of goodwill by approximately HK$90,300,000. If the estimated pre-tax discount rate applied to the discounted cash flows for the CGU of the lottery business had been 1% higher than management's estimates (for example, 20.46% instead of 19.46%), the Group would have recognised a further impairment against goodwill of approximately HK$26,300,000.

Estimated impairment of other intangible assets – concession rights

Determining whether intangible assets are impaired requires an estimation of the future cash flows expected to arise from the lottery business and a suitable discount rate in order to calculate present values. Since the lottery business is in the preliminary stage, significant estimation is required in determining the future cash flows expected to arise from the lottery business. The directors of the Company are of the view that there is great potential for its lottery business as there are not many companies providing such similar service. Where the actual future cash flows are less than expected, a material impairment loss may arise. During the year, the management performed an impairment assessment on the concession rights and impairment loss of HK$1,629,552,000 was recognised in the consolidated financial statements.

As at 31 December 2010, the carrying amount of concession rights related to lottery business is HK$723,861,000, net of accumulated impairment loss of HK$1,629,552,000 as detailed in note 19.

Valuation of share options granted

The fair value of share options granted to employees were calculated using the Black-Scholes valuation model based on the Group management's significant inputs into calculation including an estimated life of share options granted, based on exercise restrictions and behavioural consideration, the volatility of share price, weighted average share prices and exercise price of the share options granted. Furthermore, the calculation assumes nil future dividends.

5. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2010	2009
	HK$'000	HK$'000
Staff secondment income	**93**	164
Sale of lottery equipment	**444**	–
Sale of computer hardware and software	**2,138**	1,893
	2,675	2,057

6. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

(a) Staff secondment business – Staff secondment to generate income from the staff performing system integration for the external party;

(b) Trading of computer hardware and software business – Trading of computer hardware and software in the PRC;

(c) Exploration of mines business – Exploration of gold mines in the PRC; and

(d) Lottery business – Development of computer software, hardware and application system, sale of self-developed technology or results, provision of relevant technical consultancy services in the PRC and development and provision of operation software system sector of the PRC lottery market.

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

	Staff secondment		Trading of computer hardware and software		Exploration of mines		Lottery business		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:										
Sales to external customers	**93**	164	**1,901**	1,893	**–**	–	**681**	–	**2,675**	2,057
Segment loss	**(75)**	(76)	**(115)**	(149)	**(674,997)**	(437,694)	**(2,121,699)**	–	**(2,796,886)**	(437,919)
Interest and other income									**167**	69
Central administration costs									**(24,352)**	(20,664)
Loss before tax									**(2,821,071)**	(458,514)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2009: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

Segment loss represents the loss incurred by each segment without allocation of central administration costs, and interest and other income. This is the measure reported to the chief operation decision maker for the purposes of resource allocation and assessment of segment performance.

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

	Staff secondment		Trading of computer hardware and software		Exploration of mines		Lottery business		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**57**	51	**1,622**	2,713	**389,151**	1,024,443	**779,931**	–	**1,170,761**	1,027,207
Corporate and unallocated assets									**331,237**	9,637
Consolidated assets									**1,501,998**	1,036,844
Segment liabilities	**80**	80	**307**	307	**79**	79	**780,721**	–	**781,187**	466
Corporate and unallocated liabilities									**8,874**	1,396
Consolidated liabilities									**790,061**	1,862

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

- all assets are allocated to reportable segments other than pledged bank deposit and other unallocated head office and corporate assets. Goodwill and other intangible assets are allocated to reportable segments; and

- all liabilities are allocated to reportable segments other than other unallocated head office and corporate liabilities.

6. SEGMENT INFORMATION (Continued)

Other segment information

	Staff secondment		Trading of computer hardware and software		Exploration of mines		Lottery business		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Depreciation	**–**	–	**5**	4	**2**	2	**126**	–	**133**	6
Unallocated depreciation									**198**	120
Total depreciation									**331**	126
Share of loss of an associate	**–**	–	**–**	–	**–**	–	**50**	–	**50**	–
Loss on disposal of property, plant and equipment	**–**	–	**–**	–	**–**	–	**10**	–	**10**	–
Loss on early redemption of promissory note	**–**	–	**–**	–	**–**	–	**11,520**	–	**11,520**	–
Loss on redemption of convertible bonds	**–**	–	**–**	–	**–**	969	**–**	–	**–**	969
Effective interest on convertible bonds	**–**	–	**–**	–	**–**	21,280	**11,301**	–	**11,301**	21,280
Effective interest on promissory note	**–**	–	**–**	–	**–**	–	**32,548**	–	**32,548**	–
Amortisation of other intangible assets	**–**	–	**–**	–	**–**	–	**23,863**	–	**23,863**	–
Impairment loss of goodwill	**–**	–	**–**	–	**674,000**	127,400	**408,300**	–	**1,082,300**	127,400
Impairment loss of other intangible assets	**–**	–	**–**	–	**–**	287,020	**1,629,552**	–	**1,629,552**	287,020
Additions to non-current assets	**–**	–	**3**	11	**41**	1,086	**2,741,420**	–	**2,741,464**	1,097
Unallocated									**465**	1,406
Total additions to non-current assets									**2,741,929**	2,503

6. SEGMENT INFORMATION (Continued)

Geographical information

The Group operates in two principal geographical areas – the PRC and Hong Kong.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets*	
	2010	2009	**2010**	2009
	HK'000	HK'000	**HK'000**	HK'000
PRC	**2,582**	1,893	**1,150,961**	1,024,374
Hong Kong	**93**	164	**526**	259
	2,675	2,057	**1,151,487**	1,024,633

* Non-current assets excluding financial instruments, deferred tax assets, post-employment benefits assets and assets from insurance contracts.

Information about major customers

For the year ended 31 December 2010, there were five customers with revenue of approximately HK$504,000, HK$504,000, HK$492,000, HK$444,000 and HK$401,000 respectively which accounted for more than 10% of the total revenue related to trading of computer hardware and software and lottery business segments.

For the year ended 31 December 2009, there were four customers with revenue of approximately HK$499,000, HK$499,000, HK$499,000 and HK$396,000 respectively which accounted for more than 10% of the total revenue related to trading of computer hardware and software segment.

7. OTHER INCOME AND GAINS

	2010 HK$'000	2009 HK$'000
Bank interest income	**216**	8
Gain on disposal of a subsidiary (Note 36)	**–**	45
Gain on disposal of property classified as held for sale	**–**	18
Sundry income	**118**	–
	334	71

8. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Effective interest on convertible bonds	**11,301**	21,280
Effective interest on promissory note	**32,548**	–
	43,849	21,280

9. INCOME TAX CREDIT

Income tax recognised in profit or loss

	2010 HK$'000	2009 HK$'000
Current tax:		
PRC Enterprise Income Tax	**8**	13
Deferred tax:		
Current year	**(237,441)**	(44,257)
Total income tax recognised in profit or loss	**(237,433)**	(44,244)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax had been made as the Group had no assessable profits arising in or derived from Hong Kong for both years.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 15% and 25% (2009: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	2010 HK$'000	2009 HK$'000
Loss before tax	**(2,821,071)**	(458,514)
Tax at the Hong Kong Profits Tax rate of 16.5% (2009: 16.5%)	**(465,477)**	(75,655)
Tax effect of share of loss of an associate	**8**	–
Tax effect of expenses not deductible for tax purpose	**227,809**	31,204
Tax effect of income not taxable for tax purpose	**(39)**	(12)
Tax effect of tax losses not recognised	**300**	318
Tax effect on different tax rate of group entities operating in other jurisdictions	**(34)**	(99)
Income tax credit for the year	**(237,433)**	(44,244)

9. INCOME TAX CREDIT (Continued)

Income tax recognised directly in equity

	2010 HK$'000	2009 HK$'000
Deferred tax:		
Initial recognition of the equity component of convertible bonds	**72,469**	–
Exercise of convertible bonds	**(55,122)**	–
Total income tax recognised directly in equity	**17,347**	–

10. LOSS FOR THE YEAR

	2010 HK$'000	2009 HK$'000
Loss for the year has been arrived at after charging:		
Cost of goods sold	**2,091**	1,723
Cost of services provided (Note (i))	**83**	144
Auditors' remuneration	**800**	350
Employee benefits expense (excluding directors' emoluments) (Note (ii))	**6,343**	3,348
Directors' emoluments	**11,043**	3,940
	17,386	7,288
Minimum lease payments paid under operating leases in respect of:		
– Land and buildings	**1,091**	648
– Colour printer	**14**	17
Net foreign exchange loss	**531**	5
Depreciation of property, plant and equipment	**331**	126
Amortisation of other intangible assets (Note (iii))	**23,863**	–
Loss on redemption of convertible bonds (Note (iii))	**–**	969
Loss on disposal of property, plant and equipment (Note (iii))	**10**	–

10. LOSS FOR THE YEAR (Continued)

Notes:

(i) Cost of services provided included HK$83,000 (2009: HK$144,000) relating to employee benefits expense. This amount is included in both "Cost of services provided" and "Employee benefits expense" disclosed above.

(ii) Employee benefits expense (excluding directors' emoluments) included equity-settled share-based payments of nil (2009: HK$1,184,000) disclosed above.

(iii) Amortisation of other intangible assets, loss on redemption of convertible bonds and loss on disposal of property, plant and equipment are included in other operating expenses.

11. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the consolidated loss for the year attributable to owners of the Company of approximately HK$1,887,273,000 (2009: HK$365,512,000), a loss of approximately HK$1,488,986,000 (2009: HK$294,528,000) has been dealt with in the financial statements of the Company.

12. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the seven (2009: eight) directors were as follows:

	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefits schemes HK$'000	Equity-settled share-based payments HK$'000	Discretionary bonuses HK$'000	Total HK$'000
Year ended 31 December 2010						
Executive directors						
Leung Ngai Man	–	3,900	12	–	5,000	8,912
Ng Kwok Chu, Winfield	–	520	12	–	400	932
Wu Wei Hua	–	727	12	–	400	1,139
Independent non-executive directors						
Leung Wai Cheung	60	–	–	–	–	60
Cai Wei Lun	–	–	–	–	–	–
Gao Shikui (Note (i))	–	–	–	–	–	–
Wang Jun Sui (Note (ii))	–	–	–	–	–	–
	60	5,147	36	–	5,800	11,043

12. DIRECTORS' EMOLUMENTS (Continued)

	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefits schemes HK$'000	Equity-settled share-based payments HK$'000	Discretionary bonuses HK$'000	Total HK$'000
Year ended 31 December 2009						
Executive directors						
Leung Ngai Man	–	2,600	12	–	–	2,612
Ng Kwok Chu, Winfield	–	520	12	–	–	532
Wu Wei Hua	–	724	12	–	–	736
Independent non-executive directors						
Leung Wai Cheung	60	–	–	–	–	60
Cai Wei Lun	–	–	–	–	–	–
Gao Shikui (Note (i))	–	–	–	–	–	–
Chan Sing Fai (Note (iii))	–	–	–	–	–	–
Liu Jia Qing (Note (iv))	–	–	–	–	–	–
	60	3,844	36	–	–	3,940

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2009: Nil).

Notes:

(i) Resigned on 31 March 2010

(ii) Appointed on 30 June 2010 and resigned on 28 October 2010

(iii) Retired on 9 April 2009

(iv) Resigned on 12 May 2009

13. EMPLOYEES' EMOLUMENTS

Employee benefits expense (excluding directors' emoluments)

	2010 **HK$'000**	2009 HK$'000
Salaries and other benefits	**6,161**	2,022
Contributions to retirement benefits schemes	**182**	142
Equity-settled share-based payments	**–**	1,184
	6,343	3,348

Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2009: three) were directors of the Company whose emoluments are included in the disclosures in note 12 above. The emoluments of the remaining two (2009: two) individuals were as follows:

	2010 **HK$'000**	2009 HK$'000
Salaries and other benefits	**2,968**	2,024
Discretionary bonuses	**400**	–
Contributions to retirement benefits schemes	**13**	22
	3,381	2,046

13. EMPLOYEES' EMOLUMENTS (Continued)

Five highest paid individuals (Continued)

Their emoluments fell within the following bands:

	Number of individuals	
	2010	2009
Emolument bands		
Nil – HK$1,000,000	**1**	1
HK$1,500,001 – HK$2,000,000	**–**	1
HK$2,500,001 – HK$3,000,000	**1**	–

During the year ended 31 December 2010, saved for HK$2,500,000 was paid to Mr. David Yeoh as an inducement to join or upon joining the Group, no other emoluments were paid by the Group to the other highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office (2009: Nil).

14. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$1,887,273,000 (2009: HK$365,512,000) and on the weighted average number of approximately 5,013,891,000 (2009: 3,151,654,000) ordinary shares of the Company in issue during the year.

The computation of diluted loss per share did not assume the exercise of the Company's potential ordinary shares granted under the Company's share option scheme and convertible bonds since their exercise and conversion would have an anti-dilutive effect.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Furniture, fixtures and fittings HK$'000	Computer and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
Balance at 1 January 2009	131	474	309	914
Additions	–	11	1,406	1,417
Derecognised on disposal of a subsidiary	–	–	(1,406)	(1,406)
Balance at 31 December 2009	131	485	309	925
Additions	292	139	419	850
Disposals	–	(240)	–	(240)
Acquisition through business combination	195	1,283	–	1,478
Effect of foreign currency exchange differences	10	39	–	49
Balance at 31 December 2010	628	1,706	728	3,062
Accumulated depreciation and impairment				
Balance at 1 January 2009	(34)	(401)	(87)	(522)
Depreciation expense	(23)	(41)	(62)	(126)
Balance at 31 December 2009	(57)	(442)	(149)	(648)
Eliminated on disposals of assets	–	32	–	32
Depreciation expense	(30)	(155)	(146)	(331)
Effect of foreign currency exchange differences	(1)	(1)	–	(2)
Balance at 31 December 2010	(88)	(566)	(295)	(949)
Carrying amounts				
Balance at 31 December 2010	**540**	**1,140**	**433**	**2,113**
Balance at 31 December 2009	74	43	160	277

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Motor vehicle HK$'000
Cost	
Balance at 1 January 2009, 31 December 2009 and 31 December 2010	309
Accumulated depreciation and impairment	
Balance at 1 January 2009	(88)
Depreciation expense	(62)
Balance at 31 December 2009	(150)
Depreciation expense	(62)
Balance at 31 December 2010	(212)
Carrying amounts	
Balance at 31 December 2010	**97**
Balance at 31 December 2009	159

16. INVESTMENTS IN SUBSIDIARIES

Company

	2010 HK$'000	2009 HK$'000
Unlisted shares, at cost	**–**	–
Capital contributions	**2,661,276**	1,285,296
Impairment losses recognised	**(1,677,000)**	(250,000)
	984,276	1,035,296

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

16. INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of the subsidiaries at 31 December 2010 are as follows:

Name of subsidiary	Place of incorporation/ registration/ operations	Particulars of issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company		Principal activities
			Directly	Indirectly	
E-silkroad.net Corporation	British Virgin Islands ("BVI")	1 ordinary share of US$1	100%	–	Investment holding
Business Essence Technology Limited	BVI	1 ordinary share of US$1	–	100%	Investment holding
E-silkroad.net Resources Limited	BVI	1 ordinary share of US$1	–	100%	Inactive
Greatest High Holdings Limited	BVI	1 ordinary share of US$1	100%	–	Investment holding
China Nonferrous Metals Resources Investment Limited	BVI	1 ordinary shares of US$1	–	100%	Investment holding
Easywin International Holdings Limited	BVI	1 ordinary share of US$1	100%	–	Investment holding
Pearl Sharp Limited	BVI	1 ordinary share of US$1	–	100%	Investment holding
Done Best Global Investments Limited	BVI	1 ordinary share of US$1	100%	–	Investment holding
Link Faith Global Investments Limited	BVI	1 ordinary share of US$1	100%	–	Investment holding
E-silkroad.net Online Exhibition Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100%	Development of e-commerce business, provision of web page design and website maintenance services
E-silkroad.net Online Commerce Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100%	Inactive
Leland Solutions Limited	Hong Kong	100,000 ordinary shares of HK$1 each	–	100%	Provision of web page design services, website maintenance, staff secondment, system integration and information technology consultancy services
Richtop Holdings Limited	Hong Kong	1 ordinary share of HK$1	100%	–	Investment holding
Merit Billion Limited	Hong Kong	1 ordinary share of HK$1	100%	–	Investment holding

16. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ registration/ operations	Particulars of issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company		Principal activities
			Directly	Indirectly	
China Mining Group Investment Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Investment holding
Glory Top Management Limited	Hong Kong	1 ordinary share of HK$1	100%	–	Investment holding
Greatest Profit Investment Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Investment holding
Media Hong Kong Investment Limited	Hong Kong	1 ordinary share of HK$1	100%	–	Investment holding
Max Choice Holdings Limited	Hong Kong	1 ordinary share of HK$1	100%	–	Investment holding
Multi Joy Corporation Limited	Hong Kong	1 ordinary share of HK$1	100%	–	Investment holding
中山市光彩未來軟件有限公司 ("Zhongshan GF")	PRC*	HK$8,000,000	–	95%	Provision of web page design services, application development and technical support services and trading of computer hardware and software
雲南西部礦業有限公司 ("Yunnan Western")	PRC**	US$3,185,405	–	80%	Exploration of mines
大連兆忠科技有限公司 ("Dalian Merit Billion")	PRC***	RMB500,000	–	100%	Trading of computer hardware and software
深圳環彩普達科技有限公司 ("Shenzhen Huancai")	PRC****	RMB40,810,000	–	51%	Development of computer software, hardware and application system, sale of self-developed technology or results and provision of relevant technical consultancy services

* Zhongshan GF is a sino-foreign equity joint venture established in the PRC.

** Yunnan Western is a sino-foreign equity joint venture established in the PRC.

*** Dalian Merit Billion is a wholly-foreign owned enterprise established in the PRC.

**** Shenzhen Huancai is a sino-foreign equity joint venture established in the PRC.

17. GOODWILL

Group

	2010 HK$'000	2009 HK$'000
Cost		
Balance at beginning of year	**1,129,598**	1,134,000
Additional amounts recognised from business combination occurring during the year (Note 35)	**432,378**	–
Effect of foreign currency exchange differences	**54,549**	(4,402)
Balance at end of year	**1,616,525**	1,129,598
Accumulated impairment losses		
Balance at beginning of year	**(127,400)**	–
Impairment loss recognised in the year	**(1,082,300)**	(127,400)
Effect of foreign currency exchange differences	**(4,809)**	–
Balance at end of year	**(1,214,509)**	(127,400)
Carrying amounts		
Balance at 31 December	**402,016**	1,002,198

18. IMPAIRMENT TESTING ON GOODWILL

Goodwill has been allocated for impairment testing purposes to the following CGUs:

– Exploration of mines

– Lottery business

The carrying amounts of goodwill were allocated to the CGUs as follows:

	2010	2009
	HK$'000	HK$'000
Exploration of mines	**366,025**	1,002,198
Lottery business	**35,991**	–
	402,016	1,002,198

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Exploration of mines

On 26 August 2008, the Group acquired 100% equity interest of China Nonferrous Metals Resources Investment Limited ("China Nonferrous Metals") ("Mine Acquisition"). China Nonferrous Metals through its subsidiary, Yunnan Western is principally involved in the exploration of mines.

18. IMPAIRMENT TESTING ON GOODWILL (Continued)

Exploration of mines (Continued)

The management of the Group reviewed and compared their exploration works performed in the specific area to their previous estimate as set out in the business plan of mine operation. According to the technical report as set out in the circular of the Company dated 13 May 2008, the preliminary estimates of potential resources of gold in the gold mining site (the "Gold Mine") is approximately 60 tonnes to 100 tonnes. In a geological exploration survey (地質物化探普查設計) (the "Geological Exploration Survey") commissioned by the Group, the surveyor conducted a survey based on a scale of exploration of 10 tonnes of gold resources in the Gold Mine. Based on the results of the Geological Exploration Survey, the management of the Group considered that they need to adjust the business plan of mine operation, including but not limited to, the potential resources and timescale for the exploration works. These adjustments to the business plan of mine operation affect the expected cash flows on the CGU of exploration of mines. Accordingly, the recoverable amount allocated to the CGU of exploration of mines at 31 December 2010 has been reassessed and an impairment charge of goodwill of HK$674,000,000 (2009: HK$127,400,000) was charged to the consolidated statement of comprehensive income. In performing the impairment testing, the directors of the Company have made reference to a valuation performed by an independent valuer.

The recoverable amount of the exploration of mines' CGU is determined based on a value in use calculation which uses cash flow projections based on a business plan of mine operation covering a five-year period approved by the management. By using this method, the expected cash flows on the mine operation are set out year by year and brought to a present value by use of present value factors at the discount rate of 34.30% (2009: 21.94%). In determining discount rate, the weighted average cost of capital was used, which was an average representing the expected return on all capital based on the figures from similar publicly traded companies in the stock exchanges of the PRC, Hong Kong and other countries with mining projects. For the estimation of the inflation rate, the local provincial economy, the PRC economy and the gold market were taken as reference.

The Group management's key assumptions used in the value in use calculation were as follows:

– the Group is able to renew its exploration permit from time to time and obtain the mining operation permit.

– the exploration works and the subsequent mining operations will confirm the quality and quantity expected in the business plan of the mines operation.

– the expectation of future gold price.

18. IMPAIRMENT TESTING ON GOODWILL (Continued)

Lottery business

On 13 May 2010, Easywin International Holdings Limited, a wholly-owned subsidiary of the Company entered into an acquisition agreement to acquire the entire issued capital of Pearl Sharp Limited as detailed in note 35. The related goodwill arising from the aforesaid transaction amounted to approximately HK$432,378,000.

On 25 October 2010, 中國福利彩票發行管理中心 ("China Welfare Lottery Issuing Management Centre", being its unofficial English name) issued a circular enclosing two regulations, namely《電話銷售彩票管理暫行辦法》(the "Mobile Regulation") and《互聯網銷售彩票管理暫行辦法》(the "Internet Regulation"), both issued by the Ministry of Finance of the PRC. According to the Mobile Regulation and the Internet Regulation, lottery sales through mobile phone and internet are forbidden unless approved by the Ministry of Finance of the PRC. Lottery issuing centre can only cooperate with entities which have, among others, the relevant value-added tele-communication operation permit (增值電信業務經營許可證) or internet information services operation permit (互聯網信息服務經營許可證) (together, the "Permits"), as appropriate. The two regulations were effective since 26 September 2010 and the Company sought legal advice from its PRC legal advisors on the implications of the two regulations on its business and obtained a legal opinion (the "PRC Legal Opinion") from its PRC legal advisors that prior to Shenzhen Huancai, an indirect 51% owned subsidiary of Pearl Sharp Limited, or its subsidiary ("Shenzhen Subsidiary") obtaining the Permits, Shenzhen Subsidiary cannot perform its obligations under the Three Agreements (as defined below).

The business regulated by the Mobile Regulation and the Internet Regulation are the business covered in three of the seven cooperation agreements (the "Three Agreements") that Shenzhen Subsidiary entered into with several lottery issuing centres. The Three Agreements were (i) the supplemental agreement entered into with 重慶市福利彩票發行中心 (Chongqing Welfare Lottery Issuing Centre, being its unofficial English name) on 8 July 2009 (the "Chongqing Agreement"); (ii) the agreement entered into with 天津市福利彩票發行中心 (Tianjin Welfare Lottery Issuing Centre, being its unofficial English name) on 7 May 2010 (the "Tianjin Agreement"); and (iii) the agreement entered into with 河南省福利彩票發行中心 (Henan Welfare Lottery Issuing Centre, being its unofficial English name) on 28 November 2007 (the "Henan Agreement").

Pursuant to the Chongqing Agreement, Shenzhen Subsidiary will provide software system and technical service for Chongqing welfare lottery sales through mobile phone project. Pursuant to the Tianjin Agreement, the Shenzhen Subsidiary will provide software system and technical service for Tianjin welfare lottery sales through mobile phone project. Pursuant to the Henan Agreement, the Shenzhen Subsidiary will provide software system and technical service for Henan welfare lottery sales through mobile phone and internet project. The lottery sales systems under the Three Agreements are at a trial stage and commercial operations under the Three Agreements have not yet commenced.

18. IMPAIRMENT TESTING ON GOODWILL (Continued)

Lottery business (Continued)

According to the PRC Legal Opinion, the requirement of obtaining the Permits under the Mobile Regulation and the Internet Regulation are force majeure events under the Three Agreements and no compensation is required to be paid by Shenzhen Subsidiary. It is provided in the Chongqing Agreement that, under such circumstances, parties thereto can enter into supplementary agreement(s); in the Tianjin Agreement that parties thereto can amend or terminate the agreement; and in the Henan Agreement that parties thereto can terminate the agreement. The Three Agreements have not been voided or terminated but it may be terminated or amended pursuant to the provisions of the respective terms under the Three Agreements if the Permits could not be obtained.

As far as the directors are aware, prior to 26 September 2010, being the effective date of the Mobile Regulation and the Internet Regulation, there are no specific requirements for conducting the lottery sales business through mobile phone or internet, accordingly the Shenzhen Subsidiary does not possess the Permits.

In view of the Shenzhen Subsidiary's inability, in the interim period prior to its obtaining of the Permits, to perform its obligations under the Three Agreements. The recoverable amount allocated to the CGU of the lottery business at 31 December 2010 has been reassessed and an impairment loss of goodwill of approximately HK$408,300,000 was charged to the consolidated statement of comprehensive income.

The recoverable amount of the lottery business's CGU is determined based on value in use calculation which uses cash flow projections based on financial budgets approved by management covering periods ranged from three to eight years in accordance with the terms of cooperation agreements. The cash flow projections have been extrapolated using a steady 27.48% per annum growth rate and a discount rate of 19.46% per annum. The key assumptions for the value in use calculation are those regarding the discount rate, growth in revenue and direct costs during the periods. The management estimates discount rate that reflects current market assessments of the time value of money and the risk specific to the CGU. In performing the impairment testing, the directors of the Company have made reference to a valuation performed by an independent valuer.

19. OTHER INTANGIBLE ASSETS

Group

	Exploration and evaluation assets HK$'000	Concession rights HK$'000	Supply contract HK$'000	Total HK$'000
Cost				
Balance at 1 January 2009	21,365	–	287,020	308,385
Additions	1,086	–	–	1,086
Effect of foreign currency exchange differences	(293)	–	–	(293)
Balance at 31 December 2009	22,158	–	287,020	309,178
Additions	41	–	–	41
Acquisition through business combination	–	2,306,800	–	2,306,800
Effect of foreign currency exchange differences	837	70,760	–	71,597
Balance at 31 December 2010	23,036	2,377,560	287,020	2,687,616
Accumulated amortisation and impairment				
Balance at 1 January 2009	–	–	–	–
Impairment loss recognised in profit or loss	–	–	(287,020)	(287,020)
Balance at 31 December 2009	–	–	(287,020)	(287,020)
Amortisation expense	–	(23,863)	–	(23,863)
Impairment loss recognised in profit or loss	–	(1,629,552)	–	(1,629,552)
Effect of foreign currency exchange differences	–	(284)	–	(284)
Balance at 31 December 2010	–	(1,653,699)	(287,020)	(1,940,719)
Carrying amounts				
Balance at 31 December 2010	**23,036**	**723,861**	**–**	**746,897**
Balance at 31 December 2009	22,158	–	–	22,158

19. OTHER INTANGIBLE ASSETS (Continued)

Group (Continued)

Notes:

(a) The exploration and evaluation assets acquired in the Mine Acquisition during the year ended 31 December 2008 include topographical and geological survey drilling, exploratory drillings, sampling and trenching and expenditure incurred for the technical feasibility studies and incurred to secure further mineralisation in the mine ore after Yunnan western obtained the exploration and evaluation rights of the exploration area. In the opinion of the directors, after considering the advice from a firm of professional valuers, the fair value of the exploration and evaluation assets on date of the Mine Acquisition was equal to the cost incurred as at the valuation date. The main reason was that, the exploration was still at an initial stage on acquisition date, any acquirer of such exploration rights would still need to invest approximately the same amount of money to explore the mines and prepare the relevant feasibility studies in order to get the mining rights.

The exploration and evaluation assets acquired were measured under the cost model after the initial recognition. As at 31 December 2010, the management of the Group reassessed the impairment of the exploration and evaluation assets, in the opinion of the directors, there was no impairment on the exploration and evaluation assets.

(b) The amount of concession rights represents the fair value of contractual rights stated in the cooperation agreements that Shenzhen Subsidiary entered into with several lottery issuing centres for providing software system and technical service upon the acquisition of Pearl Sharp Limited and its subsidiaries as detailed in note 35. The fair value of the concession rights was arrived at on the basis of a valuation carried out by an independent professionally qualified valuer not connected with the Group. The valuation was determined by reference to discounted cash flow projections. The amount of concession rights is amortised on a straight-line method over the period of three to eight years in accordance with the terms of the cooperation agreements.

During the year ended 31 December 2010, based on the lottery business regulated by the Mobile Regulation and the Internet Regulation as detailed in note 18. In the opinion of the directors, in view of the Shenzhen Subsidiary's inability, in the interim period prior to its obtaining of the Permits, to perform its obligations under the Three Agreements. The recoverable amount of the concession rights at 31 December 2010 has been reassessed and an impairment loss of concession rights of approximately HK$1,629,552,000 was charged to the consolidated statement of comprehensive income.

19. OTHER INTANGIBLE ASSETS (Continued)

Group (Continued)

Notes: (Continued)

(c) In December 2007, a supply agreement (the "Supply Contract") was entered into between Yunnan Western and 潞西市核工業209芒市金礦 (Luxi City Nuclear Industry 209 Mangshi Gold Mine (the "Ore Supplier")) in respect of the supply of all the ores extracted from the mine owned by the Ore Supplier to Yunnan Western. The Ore Supplier owns a mining operation permit of a mining site (the "Mine") for a period of 10 years, from 23 September 1999 to 23 September 2009. The Supply Contract was valued by LCH (Asia-Pacitic) Surveyors Limited on date of the Mine Acquisition at a fair value of approximately HK$287,020,000 (equivalent to RMB254,000,000). The Supply Contract acquired was measured under the cost model after the initial recognition.

During the year ended 31 December 2009, based on the policy in the mining industry of the PRC, in the opinion of directors, it was very difficult for Yunnan Western to obtain the government authority's approval to amend its principal activities for the inclusion of purchasing and processing of gold minerals from Ore Supplier by the end of the Supply Contract. The Supply Contract had been cancelled and no further negotiation had been made to re-activate the Supply Contract (i.e. 31 December 2009). The recoverable amount of the Supply Contract at 31 December 2009 had been reassessed and an impairment loss of Supply Contract of approximately HK$287,020,000 was charged to the consolidated statement of comprehensive income for the year ended 31 December 2009.

20. INTEREST IN AN ASSOCIATE

Group

Details of the Group's interest in an associate are as follows:

	2010 HK$'000	2009 HK$'000
Acquisition of subsidiaries	382	–
Share of post-acquisition loss and other comprehensive income, net of dividends received	(39)	–
	343	–

As at 31 December 2010, the Group had interest in the following associate:

Name of entity	Place of registration/operations	Particulars of issued and fully paid registered capital	Proportion of nominal value of issued capital held by the Group	Principal activities
安徽環彩信息科技有限公司	PRC	RMB1,000,000	40% (indirect)	Development of computer software, hardware and application system, sale of self-developed technology or results and provision of relevant technical consultancy services

20. INTEREST IN AN ASSOCIATE (Continued)

Group (Continued)

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

	2010 HK$'000	2009 HK$'000
Total assets	895	–
Total liabilities	(37)	–
Net assets	858	–
Group's share of net assets of an associate	343	–
Total revenue	38	–
Total loss for the period	(125)	–
Group's share of loss of an associate	(50)	–
Group's share of other comprehensive income of an associate	11	–

21. AVAILABLE-FOR-SALE INVESTMENT

Group

Available-for-sale investment comprises:

	2010	2009
	HK$'000	HK$'000
Unlisted equity investment	**118**	–

The above unlisted equity investment represents equity investment in a private entity established in the PRC.

The investment is measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably.

22. TRADE AND OTHER RECEIVABLES

	Group		**Company**	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	–	41	–	–
Prepayments, deposits and other receivables	**1,672**	539	**25**	160
	1,672	580	**25**	160

22. TRADE AND OTHER RECEIVABLES (Continued)

Group

The Group allows a credit period of 45 days to its trade customers. The following is an ageing analysis of net trade receivables at the end of the reporting period:

	2010 **HK$'000**	2009 HK$'000
0 – 30 days	–	13
31 – 60 days	–	14
61 – 90 days	–	14
	–	41

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The ageing analysis of trade receivables that are not impaired is as follows:

	2010 **HK$'000**	2009 HK$'000
Neither past due nor impaired	–	27
Past due but not impaired		
– overdue by 1 – 30 days	–	14
	–	41

23. AMOUNT DUE FROM A NON-CONTROLLING INTEREST OF A SUBSIDIARY

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

24. CASH AND BANK BALANCES/PLEDGED BANK DEPOSIT

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at banks and in hand	**348,382**	11,631	**277,239**	124
Less: Pledged bank deposit	**(210)**	(209)	**–**	–
Cash and bank balances	**348,172**	11,422	**277,239**	124
Less: Short-term bank deposits with maturity more than three months	**(12,056)**	–	**–**	–
Cash and cash equivalents	**336,116**	11,422	**277,239**	124

Pledged bank deposit represents deposit pledged to bank for obtaining the corporate card services.

Bank balances carry interest at floating rates based on daily bank deposit rates. The pledged bank deposit carries fixed interest rate of 1% per annum (2009: 1.25%).

Included in cash at banks and in hand of the Group is approximately HK$2,746,000 (2009: HK$2,677,000) of bank balances denominated in Renminbi ("RMB") placed with banks in the PRC. RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**5**	–	**–**	–
Other payables and accruals	**13,023**	1,851	**1,077**	5
	13,028	1,851	**1,077**	5

25. TRADE AND OTHER PAYABLES (Continued)

The following is an ageing analysis of trade payables at the end of the reporting period:

Group

	2010 HK$'000	2009 HK$'000
0 – 60 days	2	–
61 – 90 days	1	–
Over 90 days	2	–
	5	–

26. AMOUNT DUE TO A NON-CONTROLLING INTEREST OF A SUBSIDIARY

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

27. CONVERTIBLE BONDS – GROUP AND COMPANY

As part of the consideration for the Mine Acquisition, the Company issued a 5-years zero coupon convertible bonds with a principal amount of HK$1,546,000,000 (the "2008 Convertible Bonds") at 100% of principal amount to Mr. Leung Ngai Man ("Mr. Leung"), a director and a substantial shareholder of the Company, on 26 August 2008. The fair value of the 2008 Convertible Bonds on issue date was HK$1,217,948,000.

During the year ended 31 December 2009, 663,425,000 consolidated shares were issued upon exercise of 2008 Convertible Bonds as detailed in note 30(ii).

Imputed interest expenses of approximately HK$21,280,000 had been recognised in the statement of comprehensive income in respect of the 2008 Convertible Bonds for the year ended 31 December 2009 and was calculated using the effective interest method by applying the effective interest rate of 11.82% per annum to the liability component of the 2008 Convertible Bonds.

During the year ended 31 December 2009, the Company early redeemed 6,250,000 2008 Convertible Bonds at a total consideration of HK$5,000,000 from Mr. Leung, pursuant to the terms and conditions of the 2008 Convertible Bonds. The difference between the redemption amount and the total carrying amounts of liability component and equity component amounting to approximately HK$969,000 had been charged to the consolidated statement of comprehensive income and amounting to approximately HK$256,000 had been charged to the reserves, respectively.

27. CONVERTIBLE BONDS – GROUP AND COMPANY (Continued)

All the remaining 2008 Convertible Bonds issued were exercised for shares of HK$0.001 each with an exercise price of HK$0.80 (after share consolidation) per the 2008 Convertible Bonds during the year ended 31 December 2009.

On 27 August 2010, the Company issued approximately 3,322,900,000 zero coupon HK dollar denominated convertible bonds (the "2010 Convertible Bonds) at a total principal amount of HK$797.5 million to the vendor as part of the purchase consideration for the acquisition of the entire equity interests in Pearl Sharp Limited as detailed in note 35. The 2010 Convertible Bonds have a maturity period of 5 years from the issue date and can be convertible into ordinary share of the Company at HK$0.001 each for every HK0.24 2010 Convertible Bonds at the holder's option. Conversion may occur at any time between 27 August 2010 and 26 August 2015.

The 2010 Convertible Bonds contain two components: liability and equity elements. The equity element amounted HK$439,210,000 is presented in equity as part of the "convertible bonds equity reserve". The effective interest rate of the liability component for the 2010 Convertible Bonds is 17.35% per annum.

During the year ended 31 December 2010, 2010 Convertible Bonds with aggregate principal amount of HK$606,600,000 were converted into ordinary shares of HK0.001 each of the Company at the conversion price of HK$0.24 per share. Accordingly a total of 2,527,500,000 ordinary shares were issued.

The movement of the liability component of the convertible bonds for the year is set out below:

	HK$'000
At 1 January 2009	319,150
Interest charged calculated at an effective interest rate of 11.82%	21,280
Redemption	(3,208)
Arising from exercise of convertible bonds	(337,222)
At 31 December 2009 and 1 January 2010	–
Issue during the year	358,290
Interest charged calculated at an effective interest rate of 17.35%	11,301
Arising from exercise of convertible bonds	(278,647)
At 31 December 2010	**90,944**

28. PROMISSORY NOTE – GROUP AND COMPANY

During the year ended 31 December 2010, the Company issued a promissory note with a principal amount of HK$1,200,000,000 to the vendor as part of the purchase consideration for the acquisition of the entire equity interests in Pearl Sharp Limited as detailed in note 35.

Under the terms of the promissory note, the promissory note with principal amount of HK$1,200,000,000 is unsecured, interest bearing at 0.15% per annum and has a maturity period of 5 years from the date of issue but can be repaid in whole or in part before maturity at the discretion of the Company at its principal amount and accrued interest up to the redemption date. The promissory note was issued as part of the consideration in connection with the acquisition, as detailed in note 35, and was fair valued at initial recognition with an effective interest rate of 17.35% per annum.

During the year ended 31 December 2010, the Company early redeemed part of the promissory note with a principal amount of approximately HK$29,000,000 and incurred an early redemption loss of approximately HK$11,520,000.

Subsequent to the end of the reporting period, the Company early redeemed part of the promissory note with a principal amount of approximately HK$100,000,000.

29. DEFERRED TAXATION

The following are the major deferred tax liabilities balances recognised and movements thereon during the current and prior years:

Group

	Concession rights HK$'000	Convertible bonds HK$'000	Supply contract HK$'000	Total HK$'000
At 1 January 2009	–	–	44,257	44,257
Credited to profit or loss	–	–	(44,257)	(44,257)
At 31 December 2009	–	–	–	–
Acquisition of subsidiaries (Note 35)	346,020	–	–	346,020
Recognised directly in equity	–	72,469	–	72,469
Credited to profit or loss	(237,441)	–	–	(237,441)
Credited directly to equity	–	(55,122)	–	(55,122)
At 31 December 2010	**108,579**	**17,347**	**–**	**125,926**

29. DEFERRED TAXATION (Continued)

Company

	Convertible bonds HK$'000
At 1 January 2010	–
Recognised directly in equity	72,469
Credited directly to equity	(55,122)
At 31 December 2010	**17,347**

Under the PRC Enterprise Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries amounting to approximately HK$66,000 (2009: HK$35,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

A the end of the reporting period, the Group had estimated unused tax losses of approximately HK$40,009,000 (2009: HK$4,778,000) arising from subsidiaries operating outside Hong Kong which is available for setting off against future taxable profit of that subsidiary for five years and estimated unused tax losses of approximately HK$53,062,000 (2009: HK$52,984,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

30. SHARE CAPITAL

The share capital of the Company consists only of ordinary shares. All shares are equally eligible to receive dividends and the repayment of capital.

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.001 each:		
Authorised:		
Ordinary shares of HK$0.001 each		
At 31 December 2009 and 2010	100,000,000	100,000
Issued and fully paid:		
At 1 January 2009	2,796,500	2,797
Exercise of share options (Note (i))	165,930	166
Exercise of convertible bonds (Note (ii))	663,425	663
At 31 December 2009 and 1 January 2010	3,625,855	3,626
Exercise of share options (Note (i))	142,110	142
Exercise of convertible bonds (Note (ii))	2,527,500	2,527
Issue of new ordinary shares (Note (iii))	2,563,710	2,564
Issuance of Consideration Shares (Note (iv))	200,000	200
At 31 December 2010	**9,059,175**	**9,059**

Notes:

(i) Exercise of share options

Share options were exercised by option holders during the year ended 31 December 2009 to subscribe for a total of 165,930,000 shares of HK$0.001 each by payment of subscription monies of approximately HK$12,086,000, of which approximately HK$166,000 was credited to share capital and the balance of approximately HK$11,920,000 was credited to the share premium account.

Share options were exercised by option holders during the year ended 31 December 2010 to subscribe for a total of 142,110,000 shares of HK$0.001 each by payment of subscription monies of approximately HK$17,569,000, of which approximately HK$142,000 was credited to share capital and the balance of approximately HK$17,427,000 was credited to the share premium account.

30. SHARE CAPITAL (Continued)

(ii) Exercise of convertible bonds

During the year ended 31 December 2009, 663,425,000 ordinary shares of HK$0.001 each were issued pursuant to the exercise of the conversion rights attaching to the Company's 2008 Convertible Bonds at a conversion price of HK$0.80 per share as detailed in note 27.

During the year ended 31 December 2010, 2,527,500,000 ordinary shares of HK$0.001 each were issued pursuant to the exercise of the conversion rights attaching to the Company's 2010 Convertible Bonds at a conversion price of HK$0.24 per share as detailed in note 27.

(iii) Issue of new ordinary shares

On 15 March 2010, the Company entered into a placing agreement with Cinda International Capital Limited in relation to the placing of 559,200,000 new ordinary shares of the Company to placees at HK$0.105 per placing share. Completion of such placing took place on 25 March 2010, pursuant to which the Company allotted and issued 559,200,000 new shares to not less than six placees at the placing price of HK$0.105 per placing share. The net proceeds from the placing were approximately HK$58 million which was intended to be used for general working capital of the Group and/or funding for any possible acquisition or investment plan of the Group in the future.

On 25 August 2010, Mr. Leung, the chairman and an executive director of the Company entered into a placing agreement with Samsung Securities (Asia) Limited and the Company. Pursuant to such placing agreement, Mr. Leung agreed to place, through the placing agent, 588,405,000 existing shares of the Company at the placing price of HK$0.143 per placing share to not less than six placees which are independent investors. Pursuant to the subscription agreement entered into between the Company and Mr. Leung on the even date, Mr. Leung conditionally agreed to subscribe for 588,405,000 subscription shares at the subscription price of HK$0.143 per subscription share. Completion of the placing and the subscription took place on 30 August 2010 and 3 September 2010 respectively in accordance with the terms and conditions of the placing agreement and the subscription agreement. The net proceeds from the subscription of approximately HK$82 million would be used for future potential business acquisitions and for general working capital of the Group.

30. SHARE CAPITAL (Continued)

On 7 December 2010, a placing and subscription agreement was entered into among Mr. Leung, the Company and Daiwa Capital Markets Hong Kong Limited (the "placing agent"), pursuant to which the placing agent had agreed to place up to 1,416,114,049 placing shares held by Mr. Leung to independent third parties who are not connected persons of the Company or Mr. Leung at HK$0.20 per placing share. Pursuant to such placing and subscription agreement, the Company has conditionally agreed to allot and issue the subscription shares (the number of which should be equivalent to the placing shares actually sold by Mr. Leung under the placing) at HK$0.20 per subscription share. Completion of the placing and the subscription took place on 9 December 2010 and 14 December 2010 respectively, pursuant to which the Company allotted and issued 1,416,105,000 existing shares to not less than six placees at the placing price of HK$0.20 per placing share. The net proceeds from the subscription amounted to approximately HK$276 million. The Company intended to use the net proceeds for future potential business acquisitions and for general working capital of the Group.

(iv) Issuance of Consideration Shares

On 27 August 2010, 200,000,000 shares of HK$0.001 each ("Consideration Shares") were issued to Mr. Leung, as part of the consideration for the acquisition of subsidiaries as detailed in note 35. The 200,000,000 Consideration Shares were recorded at HK$0.168 each, being the published share price available at the date of completion of the acquisition. The 200,000,000 Consideration Shares of HK$0.001 each rank pari passu in all respects with the existing issued shares of the Company.

31. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 32 to 33 of the consolidated financial statements.

The capital redemption reserve of the Group represents the nominal value of the share capital of the Company repurchased and cancelled.

Other reserve represents the difference between the consideration paid for the additional interest in the subsidiary and the non-controlling interest's share of the assets and liabilities reflected in the consolidated statement of financial position at the date of the acquisition of the non-controlling interests.

31. RESERVES (Continued)

Company

	Share premium account HK$'000 (Note (i))	Capital redemption reserve HK$'000 (Note (ii))	Convertible bonds equity reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2009	1,006,434	1	115,682	14,655	(171,261)	965,511
Loss for the year	–	–	–	–	(294,528)	(294,528)
Total comprehensive expense for the year	–	–	–	–	(294,528)	(294,528)
Recognition of equity-settled share-based payments	–	–	–	9,672	–	9,672
Issue of ordinary shares under share option scheme	17,761	–	–	(5,841)	–	11,920
Exercise of convertible bonds	451,162	–	(114,603)	–	–	336,559
Redemption of convertible bonds	–	–	(1,079)	–	256	(823)
Balance at 31 December 2009	1,475,357	1	–	18,486	(465,533)	1,028,311

31. RESERVES (Continued)

Company (Continued)

	Share premium account HK$'000 (Note (i))	Capital redemption reserve HK$'000 (Note (ii))	Convertible bonds equity reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 January 2010	1,475,357	1	–	18,486	(465,533)	1,028,311
Loss for the year	–	–	–	–	(1,488,986)	(1,488,986)
Total comprehensive expense for the year	–	–	–	–	(1,488,986)	(1,488,986)
Recognition of equity-settled share-based payments	–	–	–	720	–	720
Issue of new ordinary shares	423,515	–	–	–	–	423,515
Transaction costs attributable to issue of new ordinary shares	(10,128)	–	–	–	–	(10,128)
Issuance of Consideration Shares	33,400	–	–	–	–	33,400
Issue of ordinary shares under share option scheme	21,379	–	–	(3,952)	–	17,427
Lapse of share options	–	–	–	(1,118)	1,118	–
Recognition of the equity component of convertible bonds	–	–	439,210	–	–	439,210
Deferred tax relating to convertible bonds	–	–	(17,347)	–	–	(17,347)
Exercise of convertible bonds	610,195	–	(334,075)	–	–	276,120
Balance at 31 December 2010	**2,553,718**	**1**	**87,788**	**14,136**	**(1,953,401)**	**702,242**

31. RESERVES (Continued)

Company (Continued)

Notes:

(i) The share premium account of the Group and Company arises on shares issued at a premium. In accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be able to pay its debts as they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

(ii) The capital redemption reserve of the Company represents the nominal value of the share capital of the Company repurchased and cancelled.

32. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme") was adopted on 29 June 2007 for employee compensation which replaced its old share option scheme adopted on 19 February 2001.

The directors may at their absolute discretion, invite any person belonging to any of the following classes of participants ("Eligible Participants") to take up options to subscribe for shares:

- any employee (whether full time or part time, including any director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest (the persons are collectively referred to as "Eligible Employees");
- any directors (including non-executive directors and independent non-executive directors) of the Company, any subsidiary or any Invested Entity;
- any supplier of goods or services to any member of the Group or any Invested Entity;
- any customer of any member of the Group or any Invested Entity;
- any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- any adviser (professional or otherwise), consultant, individual or entity who in the opinion of the directors of the Company has contributed or will contribute to the growth and development of the Group;

32. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

- any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and

- for the purposes of the Scheme, the offer may be made to any company wholly owned by one or more Eligible Participants.

The share option scheme became effective on 2 July 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from its date of adoption on 29 June 2007.

Under the Scheme, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the scheme and any other share option schemes adopted by the Group shall not exceed 30% of the share capital of the Company in issue from time to time. No options may be granted under the Scheme or any other share option schemes adopted by the Group if the grant of such option will result in the limit being exceeded. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not exceed 30% of the Company's shares in issue from time to time.

The total number of shares which may be allotted and issued upon exercise of all options excluding, options which have lapsed in accordance with the terms of this scheme and any other option schemes of the Group must not in aggregate exceed 10% of the shares in issue as at the date of passing the relevant resolution adopting the scheme without prior approval from the Company's shareholders.

The total number of shares issued and which may fall to be issued upon exercise of the options and the options granted under any other share option schemes of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a grantee under the scheme would result in the shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Scheme and any other share option schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such grantee and his associates abstaining from voting.

32. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The maximum number of shares issued and to be issued upon exercise of the options granted under the share option scheme and any other share option schemes of the Company to each of any eligible persons (including those cancelled, exercised and outstanding options), in any twelve months period up to the date of the latest grant shall not exceed 1% of the Company's shares in issue provided that the number of shares issued and to be issued upon exercise of all options granted and to be granted to each of the independent non-executive directors or substantial shareholders of the Company or any of their respective associates in the twelve months period up to the date of such grant in excess of 0.1% of the Company's shares in issue and with a value in excess of HK$5 million must be approved in advance by the Company's shareholders. Any further grant of options in excess of such limit must be separately approved by shareholders in general meeting in accordance with the requirements of the GEM Listing Rules.

The offer of a grant of share options might be accepted in writing within 21 days from the date of the offer. The exercise period of the share options granted is determinable by the directors, and should not be later than ten years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The subscription price is equal to the higher of (i) the nominal value of the shares of the Company; (ii) the closing price per share of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant; and (iii) the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant.

The fair value of share options granted is recognised in the statement of comprehensive income taking into account the probability that the options will vest over the vesting period. Upon the exercise of the options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses. Options which lapsed, if any, prior to their exercise date are deleted from the outstanding options.

All equity-settled share-based payments will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

32. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Details of specific categories of share options are as follows:

Option type	Date of grant	Exercise period	Exercise price	Weighted average fair value at grant date
			HK$	HK$
2007(a)	9 July 2007	9 July 2007 to 29 June 2017	0.2850	0.0908
2007(b)	22 August 2007	22 August 2007 to 29 June 2017	0.4060	0.1275
2008	10 July 2008	10 July 2008 to 29 June 2017	0.2656	0.0711
2009(a)	4 February 2009	4 February 2009 to 29 June 2017	0.0430	0.0198
2009(b)	18 May 2009	18 May 2009 to 29 June 2017	0.0880	0.0430
2009(c)	10 December 2009	10 December 2009 to 29 June 2017	0.1176	0.0461
2010(a)	8 March 2010	8 March 2010 to 29 June 2017	0.1280	0.0100
2010(b)	29 March 2010	29 March 2010 to 29 March 2017	0.1310	0.0100

The Company measures the fair value of share options granted to consultant by reference to the fair values of services rendered.

The fair value of the share options granted is determined using the Black-Scholes Option Pricing Model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical volatility of the Company's share price, adjusted for any expected changes to future volatility based on publicly available information.

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

32. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Inputs into the model

	Option type					
	2007(a)	2007(b)	2008	2009(a)	2009(b)	2009(c)
Grant date share price	0.2850	0.4050	0.2500	0.0430	0.0880	0.1150
Exercise price	0.2850	0.4060	0.2656	0.0430	0.0880	0.1176
Expected volatility	113.43%	111.57%	59.09% to 77.75%	122.542%	107.020%	107.072%
Expected exercise date	8 January 2008	21 February 2008	9 January 2009 to 9 July 2011	3 February 2010	17 November 2010	9 December 2010
Risk-free interest rate	3.89%	3.94%	1.350% to 2.727%	0.330%	0.302%	0.11%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil	Nil

The following table discloses movements of the Company's share options during the year:

Option type	Outstanding at 1/1/2010	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31/12/2010
2007 (a)	48,000,000	–	–	–	48,000,000
2007 (b)	41,000,000	–	–	–	41,000,000
2008	71,250,000	–	–	(11,250,000)	60,000,000
2009 (c)	83,110,000	–	(70,110,000)	–	13,000,000
2010 (a)	–	36,000,000	(36,000,000)	–	–
2010 (b)	–	36,000,000	(36,000,000)	–	–
	243,360,000	72,000,000	(142,110,000)	(11,250,000)	162,000,000
Exercisable at the end of the year					162,000,000
Weighted average exercise price	HK$0.2425	HK$0.1295	HK$0.2300	HK$0.2656	HK$0.2950

32. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The following table discloses movements of the Company's share options during prior year:

Option type	Outstanding at 1/1/2009	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31/12/2009
2007 (a)	48,000,000	–	–	–	48,000,000
2007 (b)	41,000,000	–	–	–	41,000,000
2008	71,250,000	–	–	–	71,250,000
2009 (a)	–	55,930,000	(55,930,000)	–	–
2009 (b)	–	110,000,000	(110,000,000)	–	–
2009 (c)	–	83,110,000	–	–	83,110,000
	160,250,000	249,040,000	(165,930,000)	–	243,360,000
Exercisable at the end of the year					243,360,000
Weighted average exercise price	HK$0.3074	HK$0.0878	HK$0.0728	–	HK$0.2425

The following share options granted under the Scheme were exercised in the current year:

Option type	Number exercised	Exercise date	Share price at exercise date
2009 (c)	35,055,000	28 April 2010	HK$0.24
2009 (c)	35,055,000	5 May 2010	HK$0.22
2010 (a)	36,000,000	5 May 2010	HK$0.22
2010 (b)	36,000,000	28 April 2010	HK$0.24
	142,110,000		

32. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Options granted are fully vested at the date of grant. In total, approximately HK$720,000 (2009: HK$9,672,000) of equity-settled share-based payments, comprising of nil (2009: HK$1,184,000) to employees and HK$720,000 (2009: HK$8,488,000) to others has been included in the consolidated statement of comprehensive income for the year ended 31 December 2010, the corresponding amount of which has been credited to share options reserve (note 31). No liabilities were recognised on the equity-settled share-based payment transactions.

All share options have been accounted for under HKFRS 2. The share options outstanding at the end of the year had a weighted average remaining contractual life of 6.5 years (2009: 7.5 years).

Subsequent to the end of the reporting period, 13,000,000 ordinary shares were issued upon the exercise of a total 13,000,000 share options at exercise prices of ranging from HK$0.1176 to HK$0.2656 per share, giving rise to aggregate net proceeds of approximately HK$2,121,000.

33. CAPITAL MANAGEMENT

The Group's capital management objectives are:

– to ensure the Group's ability to continue as a going concern;

– to provide an adequate return to shareholders; and

– to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders and issue new shares to reduce its debt level.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total borrowings are calculated as current and non-current borrowings as shown in the consolidated statement of financial position and total capital is calculated as "total equity", as shown in the consolidated statement of financial position.

33. CAPITAL RISK MANAGEMENT (Continued)

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

	2010 HK$'000	2009 HK$'000
Total borrowings	**650,892**	–
Total equity	**711,937**	1,034,982
Gearing ratio	**91%**	0%

34. FINANCIAL INSTRUMENTS

34.1 Categories of financial instruments

Financial assets

	2010 HK$'000	2009 HK$'000
Loans and receivables:		
Trade and other receivables (included in financial assets)	**1,181**	382
Amount due from a non-controlling interest of a subsidiary	**457**	–
Cash and bank balances (including pledged bank deposit)	**348,382**	11,631
Available-for-sale financial asset:		
Available-for-sale investment	**118**	–

Financial liabilities

	2010 HK$'000	2009 HK$'000
Financial liabilities at amortised cost:		
Trade and other payables (included in financial liabilities)	**13,028**	1,851
Amount due to a non-controlling interest of a subsidiary	**212**	–
Convertible bonds	**90,944**	–
Promissory note	**559,948**	–

34. FINANCIAL INSTRUMENTS (Continued)

34.2 Financial risk management objectives and policies

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the board of directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes. The treasury department works under the policies approved by the board of directors. It identifies ways to access financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the board of directors.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

34.2.1 Market risk

Foreign currency risk management

The Group's exposure to currency exchange rates is minimal as the group companies usually hold most of their financial assets/liabilities in their own functional currencies. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk management

The Group does not have material exposure to interest rate risk. A reasonably possible change in interest rate in the twelve months is assessed; which could have immaterial change in the Group's loss after tax and accumulated losses. Changes in interest rates have no material impact on the Group's other components of equity. The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall interest expenses.

The directors are of the opinion that the Group's sensitivity to the change in interest rate is low.

34. FINANCIAL INSTRUMENTS (Continued)

34.2 Financial risk management objectives and policies (Continued)

34.2.1 Market risk (Continued)

Other price risks

As the Group has no significant investments in financial assets at FVTPL, the Group is not exposed to significant other price risks.

34.2.2 Credit risk management

At 31 December 2010, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Details of the Group's credit risk are included in note 22.

34.2.3 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

34. FINANCIAL INSTRUMENTS (Continued)

34.2 Financial risk management objectives and policies (Continued)

34.2.3 Liquidity risk management (Continued)

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	On demand or less than 1 year HK$'000	1-5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Total carrying amounts HK$'000
At 31 December 2010				
Non-derivative financial liabilities				
Trade and other payables	13,028	–	13,028	13,028
Amount due to a non-controlling of a subsidiary	212	–	212	212
Convertible bonds	–	190,900	190,900	90,944
Promissory note	–	1,179,796	1,179,796	559,948
	13,240	**1,370,696**	**1,383,936**	**664,132**
At 31 December 2009				
Non-derivative financial liabilities				
Trade and other payables	1,851	–	1,851	1,851

34. FINANCIAL INSTRUMENTS (Continued)

34.3 Fair value of financial instruments

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

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid and ask prices respectively; and

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values:

	2010		2009	
	Carrying amount HK$'000	**Fair value HK$'000**	Carrying amount HK$'000	Fair value HK$'000
Financial liabilities				
Convertible bonds (Note (i))	**90,944**	**87,200**	–	–
Promissory note (Note (ii))	**559,948**	**540,720**	–	–

Notes:

(i) The fair value of the liability component of convertible bonds has been calculated by using effective interest rate of 18.33% per annum with reference to the Hong Kong Exchange Fund Note and credit risk margin.

(ii) The fair value of promissory note is estimated to be HK$540,720,000 using an 18.33% discount rate based on quoted Hong Kong Exchange Fund Note and credit risk margin.

34. FINANCIAL INSTRUMENTS (Continued)

34.3 Fair value of financial instruments (Continued)

34.3.1 Fair value measurements recognised in the consolidated statement of financial position

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets 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); and

- 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).

There were no transfers between Levels 1 and 2 in both years.

At the end of each reporting period, the Group did not have any assets and liabilities that were measured at the above fair value measurements hierarchy.

35. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION

Pursuant to the agreement dated 13 May 2010 (the "Acquisition Agreement") entered into between Easywin International Holdings Limited (a wholly-owned subsidiary of the Company) (as purchaser) and Mr. Leung, a director and a substantial shareholder of the Company (as vendor), the purchaser has agreed to acquire and the vendor has agreed to dispose of the entire issued capital of Pearl Sharp Limited, which is legal and beneficial owned by vendor, at a total consideration of HK$2,112,500,000. Pearl Sharp Limited (through its subsidiaries) was principally engaged in development of computer software, hardware and application system, sale of self-development technology or results and provision of relevant technical consultancy services. Pursuant to the terms of the Acquisition Agreement, the consideration was satisfied by (i) HK$67,000,000 was paid as deposit; the remaining consideration by the issuance to the vendor of (ii) 200,000,000 new ordinary shares at HK$0.24 per share in the aggregate principal amount of HK$48,000,000; (iii) promissory note with principal amount of HK$1,200,000,000 with 0.15% per annum coupon rate payable on an annual basis with 5-year maturity; and (iv) zero coupon convertible bonds in the principal amount of HK$797,500,000 with a 5-year maturity. Details of the convertible bonds and promissory note are set out in notes 27 and 28 respectively. The acquisition constituted a very substantial acquisition and a connected transaction on the part of the Company under the GEM Listing Rules, further details of which were set out in the Company's circular dated 30 July 2010. All conditions precedent under the Acquisition Agreement have been fulfilled and the acquisition was completed on 27 August 2010.

In the opinion of the directors, the acquisition provided an opportunity for the Group to gain access to the promising innovative sales channel services of lottery business and welfare lottery market in the PRC and broaden the income base of the Group, thereby enhancing the Group's financial position and profitability in the future.

Consideration transferred:

	HK$'000
Cash paid	67,000
Fair value of shares issued	33,600
Fair value of convertible bonds issued	797,500
Fair value of promissory note	544,880
Total	1,442,980

Note:

The fair value of the shares issued was based on the published share price available at the date of acquisition. The basis for determining the fair value of the convertible bonds and promissory note are detailed in notes 27 and 28 respectively.

35. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION (Continued)

Consideration transferred: (Continued)

Acquisition-related costs amounting to HK$2,899,000 have been excluded from the cost of acquisition and have been recognised as part of the administrative expenses in the consolidated statement of comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition

	HK$'000
Non-current assets	
Property, plant and equipment (Note 15)	1,478
Other intangible assets (Note 19)	2,306,800
Interest in an associate	382
Current assets	
Prepayments, deposits and other receivables	1,809
Amount due from an associate	218
Amount due from a non-controlling interest of a subsidiary	275
Cash and bank balances	20,688
Current liabilities	
Other payables and accruals	(1,541)
Amounts due to non-controlling interests of subsidiaries	(2,994)
Non-current liabilities	
Deferred tax liabilities (Note 29)	(346,020)
	1,981,095

The fair value of receivables acquired, which principally comprised prepayments, deposits and other receivables approximated the gross contractual amounts. There are no contractual cash flows not expected to be collected.

35. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION (Continued)

Non-controlling interests

The non-controlling interests at the acquisition date were measured at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

Goodwill arising on acquisition

	HK$'000
Consideration transferred	1,442,980
Add: non-controlling interests	970,493
Less: fair value of identifiable net assets acquired	(1,981,095)
Goodwill arising on acquisition	432,378

None of the goodwill on this acquisition is expected to be deductible for tax purposes.

Goodwill arising from acquisition of Pearl Sharp Limited and its subsidiaries (the "Pearl Sharp Group") is attributable to the anticipated profitability and future development of the Pearl Sharp Group in welfare lottery market in the PRC and the anticipated future operating synergy from the combinations.

Net cash outflow arising on acquisition of subsidiaries

	HK$'000
Consideration paid in cash	67,000
Less: cash and bank balances acquired	(20,688)
	46,312

35. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION (Continued)

Impact of acquisition on the results of the Group

The Pearl Sharp Group contributed revenues of approximately HK$681,000 and net loss of approximately HK$4,833,000 to the Group for the period from the date of acquisition to 31 December 2010. If the acquisition had occurred on 1 January 2010, Group revenue would have been approximately HK$2,778,000 and loss before allocations would have been approximately HK$2,588,799,000. This pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the Group that actually would have been achieved had the acquisition occurred on 1 January 2010, nor is it intended to be a projection of future results.

There were no acquisitions in the year ended 31 December 2009.

36. DISPOSAL OF A SUBSIDIARY

On 28 September 2009, the Group disposed of the entire interest and the intercompany loan of Jet Power Holdings Limited ("Jet Power"), a direct wholly-owned subsidiary of the Company, to Sino Prosper Coal Mining Investment Limited ("Sino Prosper") for a consideration of approximately HK$1,451,000. Mr. Leung has indirect interests in both Jet Power and Sino Prosper. The net assets of Jet Power attributable to the Group at the date of disposal were immaterial to the Group. The disposal was completed on 28 September 2009.

The Group's interests in net assets of the disposed subsidiary at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	1,406
Gain on disposal of a subsidiary	45
Total	1,451
Satisfied by:	
Cash consideration	1,451

37. OPERATING LEASES COMMITMENTS

Group

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

	2010 **HK$'000**	2009 HK$'000
Within one year	**498**	709
In the second to fifth years inclusive	**30**	124
	528	833

Operating leases relate to rented premises with lease terms of between 1 to 3 years (2009: 1 to 3 years), with no option to renew the lease terms at the expiry date. The lease does not include contingent rental.

Company

The Company had no significant operating lease commitments at 31 December 2010 and 2009.

38. CAPITAL COMMITMENTS

At 31 December 2010, the Group had the following commitments which were not provided for in the financial statements:

	2010 **HK$'000**	2009 HK$'000
Authorised and contracted for:		
Purchase of property, plant and equipment	**–**	365
Exploration work in the PRC (Note)	**2,354**	2,268

Note: At 31 December 2010 and 2009, the Group had capital commitment in respect of the exploration work in the PRC. The contract sum was from approximately RMB8 million to RMB9 million, but the actual amount paid was subject to the actual work performed. The Group had settled RMB7 million. The amount contracted but not provided for was RMB2 million, equivalent to approximately HK$2.35 million (2009: RMB2 million, equivalent to approximately HK$2.27 million).

The Company had no significant capital commitments at 31 December 2010 and 2009.

39. RELATED PARTY TRANSACTIONS

Saved as disclosed elsewhere in these consolidated financial statements, the Group had the following significant transactions with related parties during the year:

	Notes	2010 HK$'000	2009 HK$'000
Redemption of the 2008 Convertible Bonds	(i)	–	5,000
Early redemption of promissory note	(ii)	29,000	–

Notes:

(i) Details of the redemption of the 2008 Convertible Bonds are included in note 27.

(ii) Details of the redemption of promissory note are included in note 28.

Compensation of key management personnel

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

Group

	2010 HK$'000	2009 HK$'000
Short-term benefits	11,007	3,904
Post-employment benefits	36	36
	11,043	3,940

FINANCIAL SUMMARY

	For the year ended 31 December				
	2006	2007	2008	2009	**2010**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Revenue	964	2,609	1,266	2,057	**2,675**
Loss before tax	(5,174)	(19,154)	(50,245)	(458,514)	**(2,821,071)**
Income tax credit	–	–	–	44,244	**237,433**
Loss for the year	(5,174)	(19,154)	(50,245)	(414,270)	**(2,583,638)**
Attributable to:					
Owners of the Company	(5,149)	(19,154)	(50,119)	(365,512)	**(1,887,273)**
Non-controlling interests	(25)	–	(126)	(48,758)	**(696,365)**
	(5,174)	(19,154)	(50,245)	(414,270)	**(2,583,638)**
Loss per share	(Restated)	(Restated)			
Basic and diluted (HK cents)	(0.34)	(2.0)	(2.8)	(11.6)	**(37.6)**

	At 31 December				
	2006	2007	2008	2009	**2010**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total asset	907	94,183	1,463,537	1,036,844	**1,501,998**
Total liabilities	(25,195)	(4,760)	(367,720)	(1,862)	**(790,061)**
	(24,288)	89,423	1,095,817	1,034,982	**711,937**
Equity attributable to owners of the Company	(24,288)	89,423	1,045,149	1,033,139	**400,964**
Non-controlling interests	–	–	50,668	1,843	**310,973**
	(24,288)	89,423	1,095,817	1,034,982	**711,937**