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CHINA RAILSMEDIA CORPORATION LIMITED

中國鐵聯傳媒有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 745)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2009

The Board of Directors (the “Board”) of China Railsmmedia Corporation Limited (formerly known as Wing Hong (Holdings) Limited) (the “Company”) now announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2009, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	2009 HK\$'000	2008 HK\$'000
Turnover	4	108,038	63,197
Cost of sales		(105,328)	(60,359)
Gross profit		2,710	2,838
Other revenue	4	809	1,347
Other income	5	463	420
Impairment loss in respect of goodwill		(22,823)	–
Administrative expenses		(53,766)	(39,731)
Other operating expenses		(64)	(14)
Loss from operating activities	5	(72,671)	(35,140)
Finance costs		(3,641)	(2,311)
Loss before taxation		(76,312)	(37,451)
Taxation	6	22	473
Loss for the year		(76,290)	(36,978)
Attributable to:			
– Equity holders of the Company		(73,827)	(37,055)
– Minority interests		(2,463)	77
		(76,290)	(36,978)
Dividends	7	–	–
Loss per share attributable to equity holders of the Company			
– Basic and diluted	8	(HK4.86 cents)	(HK2.95 cents)

* For identification purpose only

CONSOLIDATED BALANCE SHEET

At 31 March 2009

	<i>Notes</i>	2009 HK\$'000	2008 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		12,569	376
Goodwill		36,810	1,810
Available-for-sale financial assets		1,199	2,155
Interest in a jointly-controlled entity		–	–
Interest in an associate		–	–
		<hr/> 50,578	<hr/> 4,341
Current assets			
Amount due from customers for contract work		36,791	39,448
Accounts receivable	9	131,765	131,891
Prepayments, deposits and other receivables		37,472	42,922
Amount due from an associate		2	–
Cash and cash equivalents		24,394	15,562
		<hr/> 230,424	<hr/> 229,823
Total assets		<hr/> 281,002	<hr/> 234,164
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		15,338	14,408
Reserves		68,451	79,324
		<hr/> 83,789	<hr/> 93,732
Minority interests		34,116	2,646
Total equity		<hr/> 117,905	<hr/> 96,378

	<i>Notes</i>	2009 HK\$'000	2008 HK\$'000
LIABILITIES			
Non-current liabilities			
Convertible notes		1,358	1,232
Deferred taxation		31	53
		<hr/> 1,389	<hr/> 1,285
Current liabilities			
Loan from shareholders		51,763	39,301
Accounts payable	10	52,946	54,599
Amount due to customers for contract work		24,930	22,162
Other payables and accruals		31,937	20,314
Tax payable		132	125
		<hr/> 161,708	<hr/> 136,501
Total liabilities		<hr/> 163,097	<hr/> 137,786
Total equity and liabilities		<hr/> 281,002	<hr/> 234,164
Net current assets		<hr/> 68,716	<hr/> 93,322
Total assets less current liabilities		<hr/> 119,294	<hr/> 97,663

NOTES:

1. Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

The Hong Kong Institute of Certified Public Accountants (the “HKICPA”) has issued certain new standards, amendments and interpretations to existing standards that are mandatory for accounting periods beginning on or after 1 April 2008. A summary of the effect on initial adoption of these new and revised HKFRSs is set out below.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit On a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 1 (Revised)	Presentation of Financial Statements ³
HKAS 23 (Revised)	Borrowing Costs ³
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ³
HKAS 39 (Amendment)	Eligible hedged items ⁴
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ⁴
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ³
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations ³
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments ³
HKFRS 8	Operating Segments ³
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives ⁵
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁶
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ³
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁷
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owner ⁴
HK(IFRIC) – Int 18	Transfers of Assets from Customers ⁸

- ¹ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
- ² Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
- ³ Effective for annual periods beginning on or after 1 January 2009
- ⁴ Effective for annual periods beginning on or after 1 July 2009
- ⁵ Effective for annual periods ending on or after 30 June 2009
- ⁶ Effective for annual periods beginning on or after 1 July 2008
- ⁷ Effective for annual periods beginning on or after 1 October 2008
- ⁸ Effective for transfers on or after 1 July 2009

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

2. Summary of significant accounting policies

The consolidated financial statements have been prepared in accordance with HKFRSs (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000) except otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believe to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and 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.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in the Company's Annual Report for the year ended 31 March 2009.

Basis of preparation

The measurement basis used in the preparation of the financial statements is historical cost basis except for financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the outcome of the arbitrations and recoverability of accounts receivable, the other receivable as stated in the Company's Annual Report for the year ended 31 March 2009 and the successful outcome of the Group's measures to satisfy its working capital needs and improve the liquidity position. The financial statements do not include any adjustments that would result from the Group fail to recover the accounts receivable and other receivable. If the accounts receivable and other receivable were not to be recovered or there was a failure as to the successful outcome of the working capital and liquidity position of the Group, adjustments would have to be made to the financial statements to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

Included in the consolidated balance sheet as at 31 March 2009 is an account receivable of approximately HK\$120,459,000 (2008: HK\$120,459,000) (the "Receivable Under Dispute"), recorded based on architect's certificates, currently withheld by a major customer of the Group with respect to disputes on claims arising from liquidated damages and alleged environmental related damages in relation to main contract work for a residential development project carried out in Kowloon Tong, Hong Kong, and the claim made by the Group on extension of time (the "EOT Claim") entitlement by the Group. The Receivable Under Dispute were certified by the architects of the residential development project.

As at the date of approval of these financial statements, the Group has initiated arbitration proceedings to recover the outstanding amount due and negotiations with the customer are still in progress. Despite that the full amount of the accounts receivable balance is being withheld by the major customer, a counter claim was made by the major customer against the Group in relation to claims arising from liquidated damages and alleged environmental related damages in relation to main contract works in a residential development project carried out in Hong Kong in the amount of approximately HK\$122,480,000. In the opinion of the directors, based on legal advice, the major customer does not have sufficient grounds to their entitlement of the EOT Claim, and as a result, the resultant liquidated damages, if any, would not be significant to the Group's financial statements. The directors also considered that the Group has valid grounds to defend against the alleged environmental related damages claimed by the major customer and that the final amount being claimed, if any, would not have a material impact to the Group's financial position.

Based on the foregoing, the directors of the Company are currently unable to determine the reasonable certainty of the outcome of the arbitration. The directors are also unable to determine the time required to recover the Receivable Under Dispute and whether a provision, if any, is required against such receivable at this stage.

As a result of the withholding of settlement of accounts receivable by the customer, the working capital of the Group has been affected. In order to maintain the working capital of the Group, two major shareholders of the Company provided continual financial support to the Group in the form of shareholders' loan, of which approximately HK\$51,763,000 of the loan had been made to the Group as at 31 March 2009 (2008: HK\$39,301,000).

In the opinion of the directors, in light of the continual financial support from the major shareholders, the Group would have sufficient financial resources to satisfy its working capital needs for the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

3. Segment Information

The Group's operating businesses are structured and managed separately, according to the nature of their operations and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Details of the business segments are as follows:

- (a) the building construction segment engages in construction and foundation contract works as a main contractor or subcontractor for building construction in the private and public sectors;
- (b) the renovation, repairs and maintenance segment engages in site formation, civil engineering works, repairs, maintenance, renovation and fitting out works in the private and public sectors;
- (c) the advertising segment engages in advertising services together with the provision of rail transit value-added services through LCD displays located at the ticketing offices of each station in the PRC; and
- (d) the corporate and others segment comprises the Group's corporate income and expenses items.

Business Segments

The following table presents revenue and loss, assets and liabilities for the Group's business segments.

	Building construction		Renovation, repairs and maintenance		Advertising		Corporate and others		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Contract revenue from external customers	23,278	16,508	84,410	46,689	350	-	-	-	108,038	63,197
Other revenue and other income	-	1	-	340	-	-	-	-	-	341
Total	23,278	16,509	84,410	47,029	350	-	-	-	108,038	63,538
Segment results	432	369	4,564	2,809	(28,780)	-	(50,159)	(39,744)	(73,943)	(36,566)
Interest and unallocated gains									1,272	1,426
Loss from operating activities									(72,671)	(35,140)
Finance costs									(3,641)	(2,311)
Loss before taxation									(76,312)	(37,451)
Taxation									22	473
Loss for the year									(76,290)	(36,978)
Segment assets	154,937	157,390	33,069	31,845	59,062	-	12,274	27,213	259,342	216,448
Unallocated assets									21,660	17,716
Total assets									281,002	234,164
Segment liabilities	54,087	60,523	29,024	23,630	4,245	-	5,155	2,739	92,511	86,892
Unallocated liabilities									70,586	50,894
Total liabilities									163,097	137,786
Other segment information:										
Depreciation	1	7	47	54	1,280	-	49	61	1,377	122
Capital expenditure	-	-	-	-	2,180	-	6	287	2,186	287
Impairment loss on accounts receivable	-	-	-	16	-	-	-	-	-	16
Impairment loss on goodwill	-	-	-	-	22,823	-	-	-	22,823	-

Geographical Segments

	Hong Kong		The People's Republic of China ("PRC")		Total	
	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	86,262	34,330	21,776	28,867	108,038	63,197
Total segment assets	254,233	216,167	26,769	17,997	281,002	234,164
Capital expenditure	6	164	2,180	123	2,186	287

4. Turnover and Other Revenue

Turnover represents the appropriate proportion of contract revenue of construction contracts, renovation, repairs and maintenance and advertising income.

An analysis of turnover and other revenue is as follows:

	2009	2008
	HK\$'000	HK\$'000
Turnover:		
Contract revenue	107,688	63,197
Advertising income	350	–
	108,038	63,197
Other revenue:		
Bank interest income	319	504
Other interest income	126	118
Refund of provident fund unvested benefit	–	61
Rental income	–	40
Bad debt recovered	–	300
Sundry income	364	324
	809	1,347

5. Loss from operating activities

The Group's loss from operating activities is arrived at after charging/(crediting):

	2009	2008
	HK\$'000	HK\$'000
Auditors' remuneration	580	580
Depreciation	1,377	122
Amounts classified as costs	(1,221)	(7)
	156	115
Impairment loss recognised in respect of accounts receivable	–	16
Impairment loss recognised in respect of goodwill	22,823	–
Staff costs (excluding directors' remuneration)		
– wages and salaries	17,585	10,082
– pension scheme contributions*	414	256
	17,999	10,338
Less: Amount of staff costs classified as costs	(10,630)	(2,841)
	7,369	7,497
Minimum lease payments under operating leases:		
– Land and buildings	1,540	1,307
Legal and professional fees	32,986	21,128
Transfer from equity on disposals of available-for-sale financial assets	213	–
and after crediting:		
Other income:		
Dividend income	35	4
Gain on disposal of property, plant and equipment	414	106
Transfer from equity on disposals of available-for-sale financial assets	–	310
Gain on disposals of subsidiaries	14	–
	463	420

* As at 31 March 2009, the Group had no material forfeited contributions available to offset future pension scheme contributions to the scheme (2008: Nil).

6. Taxation

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong during for year ended 31 March 2009 (2008: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2009	2008
	HK\$'000	HK\$'000
Current taxation:		
Provision for taxation – PRC	–	105
Over-provision in prior years – Hong Kong	–	(542)
	–	(437)
Deferred taxation:		
Reversal during the year	(22)	(36)
	(22)	(473)

7. Dividends

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2009 (2008: Nil).

8. Loss per share attributable to equity holders of the company

The calculation of basic loss per share is based on the loss for the year attributable to equity holders of the Company of approximately HK\$73,827,000 (2008: HK\$37,055,000) and the weighted average number of ordinary shares in issue during the year of 1,518,287,534 (2008: 1,257,230,685).

Diluted loss per share for the years ended 31 March 2009 and 2008 were the same as the basic loss per share. The Group's outstanding convertible notes were not included in the calculation of diluted loss per share because the effect of the Group's outstanding convertible notes was anti-dilutive.

9. Accounts Receivable

	2009	2008
	HK\$'000	HK\$'000
Within 30 days	10,353	5,983
31 – 90 days	258	2,776
91 – 180 days	291	1,708
Over 180 days	120,887	121,448
	131,789	131,915
Less: Impairment losses on accounts receivable	(24)	(24)
	131,765	131,891

Notes:

- (a) The carrying amounts of accounts receivable is reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated.
- (b) The movements in impairment losses on accounts receivable were as follows:

	2009	2008
	HK\$'000	HK\$'000
At 1 April	24	8
Impairment losses recognised in respect of account receivables	–	16
At 31 March	24	24

- (c) The aged analysis of the Group's account receivable balances which are past due but not impaired is presented as follows:

	2009	2008
	HK\$'000	HK\$'000
61 – 90 days	211	2,776
91 – 180 days	291	1,708
Over 180 days	120,887	121,448
Total	121,389	125,932

Interim applications for progress payments for contract works are normally made on a monthly basis. The Group allows an average credit period of 60 days to its contract customers. For retention money receivables in respect of contract works, the due dates are usually not more than three months after the issue of statements of the final accounts of the contract works. As at 31 March 2009, no retentions held by customers for contract work were included in accounts receivables (2008: Nil).

Included in the Group's accounts receivables balance as at 31 March 2009 and 2008 were amounts of approximately HK\$120,459,000 withheld by a major customer of the Group in respect of disputes between the Group and the customers. Further details of the receivables under dispute are disclosed in Note 2.

10. Accounts Payable

An aged analysis of the accounts payable as at the balance sheet date, is as follows:

	2009	2008
	HK\$'000	HK\$'000
Within 30 days	4,134	4,058
31 – 90 days	6	198
91 – 180 days	98	43
Over 180 days	48,708	50,300
	52,946	54,599

As at 31 March 2009, no retentions payable are included in accounts payable under current liabilities (2008: Nil).

11. Contingent Liabilities

- (a) In the normal course of business, the Group is subject to claims of liquidated damages by relevant employers due to a delay in completion of certain phases of construction contracts. The Group has filed extension of time claims with the relevant employers and the directors, based on legal advice, consider that the Group has valid reasons for the extension of time claims. As at the date of approval of these financial statements, and save as disclosed in Note 2, the directors are of the opinion that the amount of the ultimate liquidated damages, if any, cannot be ascertained, however, any resulting liability would unlikely materially affect the financial position of the Group.

- (b) On 7 August 2002, a High Court action had commenced by a subcontractor against a subsidiary of the Group in respect of (i) a claim of subcontracting fees and material costs of approximately HK\$31,300,000; and (ii) a compensation claim of approximately HK\$191,200,000 for the improper termination of a subcontracting contract. On 13 September 2002, an agreement was reached between the subsidiary of the Group and the subcontractor that the High Court action was withdrawn and all the disputes between the parties relating to this action were referred to arbitration. In the statement of claim for the arbitration, the subcontractor revised the claim of subcontracting fees and material costs and compensation claim to approximately HK\$42,600,000 and HK\$84,400,000, respectively. On 9 July 2005, a writ of summons was issued and the proceedings were transferred to the Court of First Instance. The subcontractor further revised the claim of subcontracting fees and material costs and compensation claim to approximately HK\$56,000,000 and HK\$278,100,000 respectively.

As at the date of approval of these financial statements, no decision had been made in the arbitration and court proceedings. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences, against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

- (c) On 13 September 2004, a subsidiary of the Group received a notice of arbitration from a nominated subcontractor in respect of a claim against the subsidiary of the Group in respect of subcontracting works performed in a residential development project in Kowloon Tong, Hong Kong. The amount of claim was approximately HK\$26,000,000.

On 5 May 2005, the subsidiary of the Group and the nominated subcontractor agreed to enter into a moratorium period of six months to the arbitration. On 13 April 2006, the subsidiary of the Group and the nominated subcontractor further agreed to suspend the arbitration proceedings for three months subject to the rights to re-active the proceedings upon a three day written notice to the subsidiary of the Group. Since this date and up to the date of approval of these financial statements, the arbitration has been dormant and there has been no activity arisen by the parties.

In the opinion of the directors, based on legal advice, the claim was related to a payment being withheld in respect of subcontracting work delays and defects caused by the nominated subcontractor, and the resulting liabilities, if any, would not have probable material adverse impact on the Group's financial position.

- (d) On 26 July 2005, a High Court action was commenced by a subcontracted party of a subcontractor of the Group (the "Subcontracted Party") against a subsidiary of the Group and the subcontractor, which is in liquidation, in respect of a claim of subcontracting fees and material costs of approximately HK\$20,500,000 relating to a maintenance term contract. On 25 April 2006, the Subcontracted Party substantially revised its statement of claim and the total amount of claim was revised to approximately HK\$14,241,000.

In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

- (e) On 7 December 2006, a subsidiary of the Group received a notice of arbitration from a subcontractor in respect of a claim against the subsidiary of the Group in respect of subcontracting works performed in a residential development project in Kowloon Tong, Hong Kong. The amount of claim was approximately HK\$5,629,000. On 24 February 2007, the subsidiary of the Group sought to counterclaim against the subcontractor of approximately HK\$8,062,000.

As at the date of approval of these financial statements, no decision had been made in the arbitration. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

- (f) On 28 March 2007, a subsidiary of the Group received a notice of arbitration from a nominated subcontractor in respect of a claim against the subsidiary of the Group in respect of subcontracting works performed in a residential development project in Kowloon Tong, Hong Kong. The amount of claim was approximately HK\$3,253,000. On 29 June 2007, the subsidiary of the Group sought to counterclaim against the subcontractor of approximately HK\$232,000 together with an order for indemnity for a sum amounting to approximately HK\$4,389,000.

As at the date of approval of these financial statements, no decision had been made in the arbitration. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences, against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

- (g) On 12 March 2009, a subsidiary of the Group received a writ of summons from a subcontractor in respect of a claim against the subsidiary of the Group in respect of a claim of a construction project performed at Beacon Hill Road, Kowloon ("Beacon Hill Project") and Proposed Church Development at 118 Gloucester Road, Wanchai ("Church Project"). The amounts of claims were approximately HK\$3,358,000 and HK\$100,000 respectively.

As at the date of approval of these financial statements, no decision had been made in the arbitration. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences, against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

- (h) On 12 March 2009, a subsidiary of the Group received a writ of summons from a subcontractor in respect of a claim against the subsidiary of the Group in respect of a claim of a construction project performed at Shatin Area 31A, Hin Keng Street, Shatin ("Hin Keng Project"). The amounts of claims was approximately HK\$658,000.

As at the date of approval of these financial statements, no decision had been made in the arbitration. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences, against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

Saved as disclosed above and elsewhere in the financial statements, as at 31 March 2009, the Group and the Company had no other material contingent liabilities.

EXTRACT FROM AUDITORS' REPORT

Basis for Disclaimer of Opinion

Significant uncertainty and limitation of audit scope relating to the recoverability of accounts receivable and arbitration

As described in Note 3 to the financial statements, the Group commenced arbitration against a major customer ("Case 1") to recover the accounts receivable of the Group, representing an amount recorded based on architects' certificate, of approximately HK\$120,459,000 (the "Receivable Under Dispute"). Subsequently a counter claim was made by the major customer against the Group in relation to the disputes on claims arising from liquidated damages and alleged environmental related damages in relation to main contract works in a residential development project carried out in Hong Kong ("Case 2") in the amount of approximately HK\$122,480,000. In respect of Case 1 and Case 2, the parties are undergoing on arbitration and negotiation process and the outcome of the arbitration has not been finalised as of the date of approval of these financial statements.

As a result of the uncertainty of the timing and the outcome of Case 1, we are unable to ascertain as to how much and when the accounts receivable of the major customer would be recoverable or whether the full amount might be recoverable. There were no other practical satisfactory audit procedures that we could adopt to assess the carrying value of the accounts receivable of the major customer. Any adjustments to the carrying value of the accounts receivable of the major customer that might have been necessary should evidence become available to us may have a consequential significant effect on the net assets of the Company and the Group as at 31 March 2009 and the loss of the Group for the year then ended.

As a result of the uncertainty of the timing and the outcome of Case 2, we are unable to ascertain the possible result of Case 2 against the Group in relation to the disputes on claims arising from liquidated damages and alleged environmental related damages in relation to main contract works in a residential development project carried out in Hong Kong. The future settlement of Case 2 could result in additional liabilities of the Group. Any adjustments to the additional liabilities of Case 2 that might have been necessary should evidence become available to us may have a consequential significant effect on the net assets of the Company and the Group as at 31 March 2009 and the loss of the Group for the year then ended.

Significant uncertainty and limitation of audit scope relating to recoverability of other receivable and arbitration

As described in Note 25 to the financial statements, the Group commenced arbitration against a subcontractor ("Case 3") to recover the other receivable of the Group in the amount of approximately HK\$10,400,000 (the "Receivable"). Case 3 is in respect of costs incurred on behalf of the subcontractor arising from execution of a civil engineering works contract in Hong Kong. Although the directors of the Company, after consultation with their legal advisors, are of the view that the Group has valid grounds to recover the Receivable, the outcome of such arbitration cannot be determined as at the date of approval of these financial statements.

As a result of the uncertainty of the timing and the outcome of Case 3 we are unable to ascertain as to how much and when the other receivable of the subcontractor would be recoverable or whether the full amount might be recoverable. There were no other practical satisfactory audit procedures that we could adopt to assess the carrying value of the other receivable of the subcontractor. Any adjustments to the carrying value of the other receivable of the subcontractor that might have been necessary should evidence become available to us may have a consequential significant effect on the net assets of the Company and the Group as at 31 March 2009 and the loss of the Group for the year then ended.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for opinion.

Significant uncertainties relating to the going concern basis of the Group

In forming our opinion we have considered the adequacy of the disclosures made in Note 3 to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. As explained in Note 3 to the financial statements, the directors are currently undertaking measures to satisfy its working capital needs and improve the liquidity position of the Group.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the outcome of Case 1, Case 2 and Case 3 and the recoverability of the Receivable Under Dispute, the Receivable and the successful outcome of the Group's measures to satisfy its working capital needs and improve the liquidity position. The financial statements do not include any adjustments that would result from the Group fail to recover the Receivable Under Dispute and the Receivable as stated above and a failure as to the successful outcome of the working capital and liquidity position of the Group. If the Receivable Under Dispute and the Receivable were not to be recovered or there was a failure as to the successful outcome of the working capital and liquidity position of the Group, adjustments would have to be made to the financial statements to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. We are uncertain whether the financial statements of the Group should be prepared under the going concern basis due to the matters as mentioned in preceding paragraph.

Disclaimer of Opinion: Disclaimer on View Given by the Financial Statements

Because of the significance of the possible effects of the limitation in evidence available to us relating to the matters referred to the above paragraphs, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 or of the loss and cash flows of the Group for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Companies Ordinance.

In respect alone of the limitation on our work relating to the matters described above, we have not obtained all the information and explanations that we considered necessary for the purposes of our audit.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2009, the Group recorded a turnover of approximately HK\$108.0 million in comparing to HK\$63.2 million in fiscal 2008. Gross profit recorded HK\$2.7 million, whereas there's profit of HK\$2.8 million in fiscal 2008. With the increasing legal and professional expenditure and impairment on goodwill arising from acquisition of 北京鐵聯通達廣告傳媒有限公司("北京鐵聯通達"), net loss attributable to equity shareholders of the Company for this fiscal year was HK\$73.8 million, as compared with HK\$37.1 million recorded in last financial year.

Building construction

Revenue from Building construction was HK\$23.3 million for this financial year (2008: HK\$16.5 million). The depression in the construction industry continued especially in the global economic recession we are facing.

To reduce the negative impact of the depression of construction industry to the Group, we will keep our policy to downsize the construction department and sought for other investment opportunities.

Renovation and fitting out works

As the old projects were approaching completion, the revenue from Renovation and fitting out works reported HK\$84.4 million for this financial year (2008: HK\$46.7 million).

There were lots of small scale renovation works in Hong Kong, however, it was not appropriate for our company to step into this market.

Advertisement

It's the new business segment we participated after acquiring 北京鐵聯通達. As 北京鐵聯通達 started to become our non-wholly owned subsidiary in November 2008, for the year ended 31 March 2009, it contributed only five-month results with revenue of HK\$350,000 to the Group.

FINANCIAL REVIEW

Liquidity and financing

There were no bank borrowings as at 31 March 2009 and 2008. The Group's cash and bank deposits were approximately HK\$24.4 million (2008: HK\$15.6 million).

The Group's gearing ratio, calculated by aggregate of amount due to a related party, loans from shareholders and other non-current liabilities over total assets, increase to 25.07% at 31 March 2009 from 21.68% at 31 March 2008.

Treasury policies

Cash and bank deposits of the Group are mainly in HK dollars or RMB.

The Group conducts its core business transaction mainly in HK dollars and RMB such that the Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure is insignificant.

Pledge of assets

As at 31 March 2009 and 2008, the Group had no time deposits pledged for performance bond facilities.

Use of proceeds

On 30 May 2008, the Company has entered into the placing and subscription agreement in relation to the placing of 93,000,000 shares at a placing price of HK\$0.74 per share. The net proceeds of approximately HK\$63,000,000 would be used for the acquisition of 北京鐵聯通達 and as general working capital of the Group.

Employment information

On 31 March 2009, the Group had 117 full time employees (31 March 2008: 59 employees), whom are employed in Hong Kong and Mainland China. They are remunerated at market level with benefits such as medical, retirement benefit and share option scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2009, neither the Company nor its subsidiaries purchased, sold or redeemed any of its listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has complied with all the code provisions in the Code of Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 March 2009 except for the following deviations:

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer and Mr. Hui Chi Yung currently holds both positions. The Board believes that vesting the roles of Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership in the development and execution of long-term business strategies.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the Model Code throughout the year.

AUDIT COMMITTEE

The Audit Committee comprises three members and all of whom are independent non-executive directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters. It has also reviewed the annual results for the year ended 31 March 2009.

By Order of the Board
China Railsmedia Corporation Limited
Hui Chi Yung
Chairman

Hong Kong, 10 July 2009

As at the date of this announcement, the Board of Directors comprises Mr. Hui Chi Yung, Mr. Yiu Kai Yeuk, Raphael and Mr. Hui Kau Mo as Executive Directors and Mr. Liu Kwong Sang, Mr. Sit Hing Wah and Dr. Hu Chung Kuen, David as Independent Non-Executive Directors.