ANNUAL REPORT

09

VISION TECH
INTERNATIONAL HOLDINGS LIMITED
金科數碼國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 0922)

*for identification only

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Leung Chi Wah Earnest *(Chief Executive Officer)*
Mr. Law Fei Shing

Non-executive Director

Mr. Yeung Mui Kwan David

Independent Non-executive Directors

Mr. Law Yui Lun
Mr. So Livius

COMPANY SECRETARY

Mr. Yau Wing Yiu

AUDIT COMMITTEE

Mr. Law Yui Lun
Mr. So Livius

REMUNERATION COMMITTEE

Mr. Law Yui Lun
Mr. So Livius

AUTHORISED REPRESENTATIVES

Mr. Leung Chi Wah Earnest
Mr. Law Fei Shing

AUDITORS

Wong Lam Leung & Kwok C.P.A. Limited

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Hang Seng Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3908, Shell Tower
Times Square
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08 Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

SHARE INFORMATION

Stock code: 0922
Board lot: 20,000 shares
Web site: www.visiontechint.com

Chief Executive Officer's Statement

On behalf of the board of directors (the "Director(s)") ("the Board") of Vision Tech International Holdings Limited (the "Company"), I hereby present the full-year audited consolidated results of the Company and its subsidiaries (together as the "Group") for the year ended 31 March 2009.

RESULTS

For the year ended 31 March 2009, the Group's turnover was approximately HK$362,990,000 (2008: HK$315,804,000) and net loss HK$45,476,000 (2008: HK$7,476,000).

BUSINESS REVIEW

During the year ended 31 March 2009, the Group was principally engaged in trading of consumer electronic appliances and scrap metal, the turnover of which amounted to approximately HK$154,322,000 (2008: HK$313,763,000) and HK$208,668,000 (2008: HK$2,041,000) respectively.

The Directors of the Board were completely changed in June 2009. The new management is actively exploring new business including cemetery related business. The Company has recently entered into a letter of intent to establish a Sino-foreign joint venture enterprise which will be engaged in constructing, operating and, managing a large scale first class cemetery in a major city in the People's Republic of China.

PROSPECTS

In the near future, the new management will actively seek for business partners and investment opportunities to secure its sources of income, to boost its profitability, to lay a solid foundation for its long term business growth, and to bring reasonable return to its shareholders.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank all our staff members for their contribution and effort in the past year, and to express our most sincere gratitude to our shareholders and business partners for their continuing support and confidence in the Company. We are dedicated to do our utmost in maximizing the value of the Company ultimately.

By order of the Board of
VISION TECH INTERNATIONAL HOLDINGS LIMITED
Leung Chi Wah Earnest
Chief Executive Officer

Hong Kong, 25 July 2009

FINANCIAL RESULT

For the year ended 31 March 2009, the Group's turnover increased by 14.9% to approximately HK$362,990,000 from HK$315,804,000 for last year. The Group recorded a loss of approximately HK$45,476,000 for the year, which was higher than last year's net loss of HK$7,476,000. The increase in net loss was mainly due to the provision of approximately HK$27,203,000 and HK$6,300,000 made against trade receivable and inventories respectively, together with the total share-based compensation approximately HK$2,237,000 during the year.

Turnover for trading of consumer electronic appliances (mainly export of audio-visual products) and scrap metal were approximately HK$154,322,000 (2008: HK$313,763,000) and HK$208,668,000 (2008: HK$2,041,000) respectively. The export of electronic appliances was slowed down mainly due to economic downturn and the surge in scrap metal sales was resultant from the focus of the management during the year. The Group's other revenues during the year mainly represented profit on dealing in future contracts of scrap metal in the amount of approximately HK$6,761,000. The Group had no outstanding future contracts or other derivative instruments at the year end.

The new board of directors, recently formed, will be actively exploring new business opportunities and different sources of finance.

FINANCIAL POSITION

In the year under review, the net cash outflow was approximately HK$101,535,000. This was mainly due to increase in trade receivable coupled with inventories by HK$47,020,000 and HK$17,647,000 respectively

Although the Group reported net loss and net cash outflow during the year under review, its liquidity and financial position remain sound and healthy. The current ratio (current assets/current liabilities) and gearing ratio (total liabilities/ total assets) at year end were 5.27 (2008: 5.31) and 0.18:1 (2008: 0.25:1) respectively.

Subsequent to the year end, the Company issued ordinary shares by way of placing with net proceeds approximately HK$105,700,000. This has strengthened the Group's cash position.

CHARGES ON ASSETS

As at 31 March 2009, the Group had interest-bearing bank deposit of HK$4,000,000 (2008: Nil) which was pledged to a bank in respect of banking facilities granted to one of its subsidiaries.

LITIGATION

Details of the outstanding litigation of the Group are set out in note 27 to the consolidated financial statements.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in note 25 to the consolidated financial statements.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2009, the Group's bank balances and cash, bank deposits (pledged), and bank overdraft (secured) were approximately HK$1,361,000, HK$4,000,000 and HK$236,000 respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's purchases and sales are mainly in US dollars. Since HK dollars are pegged to US dollars, there is no significant exposure expected in US dollars transactions and balances. No foreign currency hedge was made during the year.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 March 2009, the Group had a total of 15 employees (2008: 16 employees) in Hong Kong. The Group regularly reviews remuneration and benefits of employees according to the relevant market practice and individual performance of the employees. In addition to basic salary and mandatory provident fund, employees are entitled to other benefits such as share option scheme, of which the Directors may, at their discretion, grant options to employees of the Group. The remuneration policies of the Group's employees are subject to review regularly.

The Group has a share option scheme available for certain full-time employees of the Company or any of its subsidiaries, including any executive directors of the Company or any of its subsidiaries. Details of the share option scheme are set out in note 17 to the financial statements.

Total staff costs (including directors) for the year amounted to approximately HK$8,548,000 (2008: HK$2,120,000), of which contribution to mandatory provident fund and share-based compensation were approximately HK$141,000 (2008: HK$56,000) and HK$943,000 (2008: Nil) respectively.

EXECUTIVE DIRECTORS

Mr. Leung Chi Wah Earnest, aged 52, was appointed as the Chief Executive Officer and an Executive Director of the Company in June 2009.

Mr. Leung started his investment banking career and joined Amsterdam-Rotterdam Bank as an investment officer in 1982. Since then, he had worked for BNP, New Zealand Insurance, Bank of America Trust and American Express Bank (the "Amex"). He held various senior investment positions in these financial institutions. His last position with Amex was Senior Director, Head of Investment, Asia. Also, Mr. Leung was appointed as an executive director of Network CN Inc., a company listed in NASDAQ (OTC), on 11 May 2009. Currently, he is a director of Statezone Limited and Keywin Holdings Limited.

Mr. Law Fei Shing, aged 49, was appointed as an Independent Non-Executive Director of the Company on 4 June 2009 and was re-designated to Executive Director on 10 June 2009.

Mr. Law is a certified public accountant practicing in Hong Kong. He is also a member of American Institute of Certified Public Accountants (AICPA), USA and associate member of the Hong Kong Institute of Certified Public Accountants (HKICPA). Mr. Law has over 19 years of experience in the audit and accounting services.

Mr. Law was an independent non-executive director of New Times Group Holdings Limited (stock code: 166), the shares of which are listed on the Main Board of the Stock Exchange, for the period from September 2005 to October 2006 and an executive director and company secretary of Heng Xin China Holdings Limited (stock code: 8046), the shares of which are listed on the GEM Board of the Stock Exchange, for the period from June to October 2007.

Mr. Law currently is a chief executive officer, executive director and company secretary of Xian Yuen Titanium Resources Holdings Limited (stock code: 353) and an executive director and company secretary of Bestway International Holdings Limited (stock code: 718). Both companies are listed on the Main Board of the Stock Exchange.

NON-EXECUTIVE DIRECTOR

Mr. Yeung Mui Kwan David, aged 53, was appointed as a Non-Executive Director of the Company on 10 June 2009.

Mr. Yeung is a certified public accountant (practicing) of the Hong Kong Institute of Certified Public Accountants. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Accountants in England and Wales.

At present, Mr. Yeung is the sole proprietor of a certified public accountants firm in Hong Kong. Prior to setting up his own practice, Mr. Yeung had worked for international audit firm and various business sectors. In all, Mr. Yeung has over 20 years experience in the fields of auditing and accounting.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Yui Lun, aged 47, was appointed as an Independent Non-Executive Director of the Company and member of each of the Audit Committee and Remuneration Committee of the Company on 10 June 2009.

Mr. Law is a certified public accountant (practising) of the Hong Kong Institute of Certified Public Accountants. He is also an associate member of each of the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom respectively. Mr. Law holds a master degree in business administration from Oklahoma City University (USA).

He has been appointed as the independent non-executive director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of a company listed on the Main Board, Shougang Concord Century Holdings Limited (stock code: 103) since April 2005.

At present, Mr. Law is the sole proprietor of a certified public accountants firm in Hong Kong. Prior to setting up his own practice, Mr. Law had worked for the audit department of KPMG and the China division of the Hong Kong office of Ernst & Young for a total of 8 years. He had also been a partner in a medium-sized local accounting firm in Hong Kong for over 3 years. In all, Mr. Law has over 20 years professional experience in the fields of auditing, accounting, corporate taxation, company liquidation and insolvency, financial advisory and management.

Mr. So Livius, aged 52, was appointed as an Independent Non-Executive Director of the Company and member of each of the Audit Committee and Remuneration Committee of the Company on 10 June 2009.

Mr. So commenced his own business covering various industries including building materials and bitumen since July 1999. He is currently the shareholder and director of The Orthotic Group (Asia) Limited, which is principally engaged in the marketing of healthcare products.

From 1993 to 2001, Mr. So was the director and shareholder of EAS International Transportation Limited, a company with the major state owned by the China Government, which was principally engaged in the real estate and the provision of logistics services. His major accountabilities in the company were strategic planning and merger and acquisition. From 1988 to 1993, he served as the director and financial controller of Forex Group (Holdings) Limited, a full-fledged banking and financial services group with business including banking, insurance and stock brokerage. Prior to joining the Forex Group, Mr. So had over 10 years working experiences in the banking industry which he was promoted to managerial grades from clerical positions.

SENIOR MANAGEMENT

Mr. Lam Pak Wing, aged 60, has been appointed as the director of a wholly owned subsidiary of the Company since June 2007. He is responsible for electronic products business of the Group.

Mr. Lam has more than 36 years experience in the production and manufacturing of consumer electronic products. He was responsible for the financing, marketing, merger and acquisition and factory operations of various private and listed consumer electronics companies in Hong Kong.

Mr. Yau Wing Yiu, aged 41, is the Financial Controller and Company Secretary of the Company since July 2008. Mr. Yau graduated from the Hong Kong Polytechnic University in 1992 with a bachelor's degree of arts in accountancy and is a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Yau has not less than 16 years of working experience in the field of finance and accounting including some with international accounting firms.

Mr. Leung Woon Che, aged 55, has been the Finance Manager of the Company since June 2009. Mr. Leung is a certified public accountant practising in Hong Kong. He is also an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. Mr. Leung holds a bachelor degree in Business Administration from the Chinese University of Hong Kong.

Mr. Leung has had over 30 years experience in accounting, finance and auditing since his first job with Wheelock Marden & Company Limited. He was the financial controller of Carrier Hong Kong Limited, a multinational corporation and the South East Group Limited, a company listed on the Stock Exchange.

The Directors have pleasure in presenting their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company is investment holding. Details of the principal activities of the Company's principal subsidiaries are set out in note 11 to the consolidated financial statements.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

No material acquisition or disposal of subsidiaries and associated companies was noted during the year.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 March 2009 are set out under the consolidated income statement on page 20.

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

DONATIONS

During the year, the Group made charitable donations in the amount of HK$661,500 (2008: Nil).

RESERVES AVAILABLE FOR DISTRIBUTION

As at 31 March 2009, there is no reserve available for distribution.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group and the Company during the year are set out in note 10 to the consolidated financial statements.

SHARE CAPITAL

Details of share capital for the year are set out in note 17 to the consolidated financial statements.

LITIGATION

Details of the litigation of the Group are disclosed in note 27 to the consolidated financial statements.

BORROWINGS

Details of the borrowings of the Group at 31 March 2009 are set out in note 22 to the consolidated financial statements.

EVENTS AFTER BALANCE SHEET DATE

Details of the significant post balance sheet event of the Group are set out in note 27 to the consolidated financial statements.

DIRECTORS

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

Executive directors:

Mr. Cheng Hairong	(Resigned on 11 June 2009)
Mr. Chu Kwok Chi Robert	(Resigned on 10 June 2009)
Mr. Leung Chi Wah Earnest	(Appointed on 4 June 2009)
Mr. Law Fei Shing	(Appointed as Independent Non-executive Director on 4 June 2009 and re-designated to Executive Director on 10 June 2009)

Non-executive directors:

Mrs. Pei Chen Chi Kuen Delia	(Resigned on 11 June 2009)
Mr. Yeung Mui Kwan David	(Appointed on 10 June 2009)

Independent Non-executive directors:

Mr. Devidas Harilela	(Resigned on 10 June 2009)
Mr. Chan Chung Yin Victor	(Resigned on 10 June 2009)
Mr. Ma Kwai Yuen	(Resigned on 11 June 2009)
Mr. Law Yui Lun	(Appointed on 10 June 2009)
Mr. So Livius	(Appointed on 10 June 2009)

In accordance with the Company's Bye-law 86(2), all Directors appointed during the year will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Mr. Leung Chi Wah Earnest has entered into a service contract with the Company. Mr. Leung is not appointed for a specific term but his service with the Company will continue thereafter until being terminated by either party giving not less than three-month prior notice. Mr. Leung will hold office until the forthcoming annual general meeting, but will become eligible for re-election pursuant to the Company's Bye-laws.

Each of Mr. Law Fei Shing, Mr. Yeung Mui Kwan David, Mr. Law Yui Lun and Mr. So Livius has entered into a service contract with the Company for a period of one year from 10 June 2009 and will continue thereafter unless and until terminated by either party by three months' prior notice.

None of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without the payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES & DEBENTURES

As at 31 March 2009, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be entered in the register referred to therein pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules"), were as follows:

Long Position

Name of Director	Capacity	Number of securities held	Approximate percentage of interest in the Company
Cheng Hairong	Beneficial interests *(Note 1)*	12,500,000	0.97%
Chu Kwok Chi Robert	Beneficial interests *(Note 1)*	3,000,000	0.23%
Pei Chen Chi Kuen Delia	Beneficial interests	108,502,600	
	Corporate interests *(Note 2)*	7,113,400	
	Beneficial interests *(Note 1)*	800,000	in total 8.99%
Devidas Harilela	Beneficial interests *(Note 1)*	800,000	0.06%
Chan Chung Yin Victor	Beneficial interests *(Note 1)*	800,000	0.06%
Ma Kwai Yuen	Beneficial interests *(Note 1)*	800,000	0.06%

Save as disclosed above, as at 31 March 2009, none of the Directors or chief executive officer of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests 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 the Model Code.

As at the date of this report, the said interests and short positions of the Directors and the chief executive officer of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations are as below:

Long Position

Name of Director	Capacity	Number of securities held	Approximate percentage of interest in the Company
Leung Chi Wah Earnest	Beneficial interests	50,980,000	
	Corporate interests *(Note 3)*	10,000,000	in total 3.64%

Notes:

1. These shares, 18,700,000 shares in total, represent the Shares which might be allotted and issued to the Directors upon the exercise in full of the options granted pursuant to 2008 Share Option Scheme.

2. 7,113,400 shares are beneficially owned by Arko Resources Limited and the entire issued share capital of which is wholly owned by Mrs. Pei Chen Chi Kuen Delia.

3. 10,000,000 shares are beneficially owned by Keywin Holdings Limited and the entire issued share capital of which is wholly owned by the spouse of Mr. Leung Chi Wah Earnest.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed elsewhere in the annual report, 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.

MANAGEMENT CONTRACTS

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

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, if any, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors and the chief executive of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2009, according to the register kept by the Company under Section 336 of the SFO, the following shareholders, other than a director or chief executive of the Company, had an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity	Number of ordinary shares	Percentage of the Company's issued share capital
Advanced Grade Investments Limited	Beneficiary owner	750,000,000	57.92%
EPI (Holdings) Limited	Interest in a controlled corporation	750,000,000	57.92%
Climax Associates Limited	Interest in a controlled corporation	750,000,000	57.92%
Rich Concept Worldwide Limited	Interest in a controlled corporation	750,000,000	57.92%
Wong Chi Wing Joseph	Interest in a controlled corporation	750,000,000	57.92%

Save as disclosed above, as far as the Directors are aware, no other person had an interest or short position in the Company's shares or underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

RELATED PARTY AND CONNECTED TRANSACTIONS

Details of the related party transactions that are required to be disclosed for the year are set out in note 23 to the financial statements. Save as disclosed therein, there were no transactions required to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2009:

(i) The Group's largest customer and five largest customers accounted for approximately 37.6% and 92.6% respectively of the Group's total turnover.

(ii) The Group's largest supplier and five largest suppliers accounted for approximately 37.4% and 97.9% respectively of the Group's total purchases (not including purchases of items which are of capital nature).

None of the directors, their associates, or any shareholders (which to the best knowledge of the directors owned more than 5% of the Company's share capital) has any beneficial interests in these major customers and suppliers.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in respect of the shares of the Company under the Company's Bye-Laws although there are no restrictions against such rights under the laws of Bermuda.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its directors, the Company has maintained sufficient public float throughout the year ended 31 March 2009 and up to the date of this report.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the year ended 31 March 2009, except the deviations as disclosed in the "Corporate Governance Report".

AUDITORS

The auditors, Wong Lam Leung & Kwok C.P.A. Limited, a corporation of Certified Public Accountants, retire and, being eligible, offer themselves for re-appointment.

By Order of the Board
Leung Chi Wah Earnest
Chief Executive Officer and Executive Director
Hong Kong, 25 July 2009

Five Year Summary

Year ended 31 March	**2009** **HK$'000**	2008 HK$'000	2007 HK$'000	2006 HK$'000	2005 HK$'000
INCOME STATEMENT					
TURNOVER	**362,990**	315,804	15,481	36,945	7,802
Loss before tax	**45,476**	6,288	8,635	882	2,204
Income tax expense	**—**	1,188	—	—	—
Minority shareholder's share of loss absorbed by holding company	**—**	—	40	—	—
Loss for the year	**45,476**	7,476	8,675	882	2,204
ATTRIBUTABLE TO:					
Equity holders of the Company	**45,476**	7,476	8,675	837	2,204
Minority interest	**—**	—	—	45	—
	45,476	7,476	8,675	882	2,204
BALANCE SHEET					
Non-current assets	**5,202**	702	1,374	421	—
Net current assets/(liabilities)	**53,635**	109,194	(17,672)	(8,084)	(6,786)
Non-current liabilities	**—**	(7,820)	—	—	—
Minority interests	**—**	—	—	40	—
	58,837	102,076	(16,298)	(7,623)	(6,786)
Equity	**58,837**	102,076	(16,298)	(7,623)	(6,786)

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintain a high standard of corporate governance with a view to enhance the management of the Company as well as to preserve the interests of the shareholders as a whole. In the opinion of the Board, the Company had complied with all code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules during the financial year, except for the deviation from Code A.2.1 and Code A.4.1 as described below in the sections of "Chairman and Chief Executive Officer" and "Appointments, Re-election and Removal of Directors".

DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2009.

BOARD OF DIRECTORS

Throughout the year, the Board comprises of two executive directors, namely Mr. Cheng Hairong and Mr. Chu Kwok Chi Robert; one non-executive director, namely Mrs. Pei Chen Chi Kuen Delia; and three independent non-executive directors, namely Mr. Devidas Harilela, Mr. Chan Chung Yin Victor and Mr. Ma Kwai Yuen. One of the independent non-executive directors possesses appropriate professional accounting qualifications and financial management expertise. All of the independent non-executive directors have signed their respective confirmation letters to the Company confirming their independence as set out in rule 3.13. During the financial year, the Board possesses a balanced mix of skills and expertise which supports the continuing development of the Company.

All directors have provided graved concern, sufficient time and attention to all the significant issues and affairs of the Company and its subsidiaries. Each executive director has accumulated sufficient and valuable experience to hold his position in order to ensure that his fiduciary duties have been carried out in an efficient and effective manner.

The Board is charged with the responsibility of setting corporate policy and overall strategy for the Group and providing effective oversight of the management of the Group's business affairs. The Board also monitors the financial performance and the internal controls of the Group's business operations.

Subsequent to the financial year end, the directors of the Board were changed with details setting out in the Directors' Report. The details of the existing Directors are set out in the section of "Management Profile" on page 6 to 7 of this annual report. Following the resignation of Mr. Ma Kwai Yuen as an independent non-executive director of the Company with effective from 11 June 2009, the Company has only two independent non-executive directors, the number of which falls below the minimum number required under Rule 3.10(1) of the Listing Rules. The Board is currently identifying suitable candidates to fill the vacancies of independent non-executive director as soon as practicable.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code A.2.1 of CG Code provides, inter alia, that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

During the year under review up to 11 June 2009, Mr. Cheng Hairong assumed the roles of both the Chairman and Chief Executive Officer of the Company. In this regard, the Company has deviated from Code A.2.1 of CG Code. Following the resignation of Mr. Cheng Hairong as the chairman and chief executive officer of the Company and the appointment of Mr. Leung Chi Wah Earnest as chief executive officer of the Company on 11 June 2009, the Board would review the situation and would ensure that the structure would not impair the balance of power in the Company.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

The Board is empowered under the Company's Bye-Laws to appoint any person as a director either to fill a casual vacancy or as an additional member of the Board. A newly appointed director must retire but will become eligible for re-election at the first annual general meeting after his/her appointment. According to the Bye-Laws of the Company, at each annual general meeting of the Company, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to one-third) should retire from office by rotation, provided that the chairman should not be subject to retirement by rotation or be taken into account in determining the number of directors to retire each year.

Code A.4.1 of CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. The three independent non-executive directors, namely, Mr. Devidas Harilela, Mr. Chan Chung Yin Victor and Mr. Ma Kwai Yuen, appointed on 6 March 2008 and resigned in June 2009, were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-Laws. In this regard, the Company has deviated from Code A.4.1 of CG Code.

Subsequent after the financial year end, the Board appointed Mr. Leung Chi Wah Earnest and Mr. Law Fei Shing as executive directors, Mr. Yeung Mui Kwan David as non-executive director and Mr. Law Yui Lun and Mr. So Livius as independent non-executive directors. All the aforesaid non-executive directors, whether independent or not, were appointed for a specific term and all the aforesaid newly appointed directors will retire from office under the Bye-Laws of the Company at the forthcoming annual general meeting, but they will be offering themselves for re-election at the same meeting.

REMUNERATION COMMITTEE

Remuneration Committee of the Company currently comprises two independent non-executive directors, Mr. Law Yui Lun and Mr. So Livius.

The Remuneration Committee is accountable to the Board and its primary role is to conduct annual review of the policy and structure for all remuneration of Directors and senior management and to make recommendations to the Board on such policy and structure and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee also has the delegated responsibility to determine the remuneration packages of all executive directors and senior management proposed by the human resources management and make recommendations to the Board of the remuneration of non-executive directors. The Remuneration Committee assists the Board to regularly review and formulate fair and competitive remuneration packages which attract, retain and motivate Directors and senior management of the quality required to run the Company successfully.

The Remuneration Committee meets at least once a year, with the attendance of representatives from the human resources department and the Company Secretary. The Remuneration Committee submits its written report to the Board after each Remuneration Committee Meeting, making recommendations of the Director's remuneration (including Audit Committee and Remuneration Committee members' fees) and other remuneration related matters.

The Directors' remuneration for the year ended 31 March 2009 is set out in note 7 to the financial statements.

AUDIT COMMITTEE

Audit Committee of the Company currently comprises two independent non-executive directors, Mr. Law Yui Lun and Mr. So Livius.

None of the members of the Audit Committee is a member of the former or existing auditors of the Company. The Audit Committee has adopted the principles set out in the CG Code.

The Audit Committee is accountable to the Board and its primary role is to assist the Board to monitor the Company's financial reporting process, to consider the nature and scope of audit reviews, to ensure the effective internal control and risk management systems are in place and to review the Group's interim and annual financial statements. The Audit Committee has access to and maintains an independent communication with the external auditors and the management to ensure effective information exchange on all relevant financial accounting matters.

The Audit Committee submits its written report to the Board after each Audit Committee Meeting, drawing the Board's attention to important issues that the Board should be award of, identifying any matters in respect of which it considers that action or improvement is needed and making appropriate recommendations.

AUDITORS' REMUNERATION

Fees for auditing services provided by the external auditors for the year ended 31 March 2009 are included in note 5 to the financial statements. The fee for auditing services and non-auditing services for the year were HK$400,000 and HK$80,000 respectively.

NOMINATION COMMITTEE

As a recommended best practice pursuant to Code A.4.4 of CG Code, a nomination committee is recommended to be established and a majority of the members of the nomination committee should be independent non-executive directors.

A nomination committee of the Company is not considered necessary after the assessment of the current situation of the Company. The Board will review the profile of current Directors and nominated directors (if any) on regular basis in order to ensure that the composition of the Board is capable to fulfill its obligation and be responsible for the Company.

BOARD AND BOARD COMMITTEE MEETINGS

The Board schedules regular Board Meetings in advance, at least four times a year approximately quarterly intervals to give Directors the opportunity to participate actively. Directors are consulted for including matters in the agenda for regular Board Meetings. Special Board Meetings are convened as and when needed. Together with the Audit Committee and Remuneration Committee Meetings as aforesaid, it provides an effective framework for the Board and Board Committees to perform their works and discharge their duties. Minutes of Board and Board Committee Meetings are kept by the Company Secretary.

Four Board Meetings were held during the financial year. All the directors attended the four meetings except Mr. Chu Kwok Chi Robert and Mr. Chan Chung Yin Victor who attended three of them.

During the year, there were two Audit Committee Meetings and two Remuneration Committee Meetings. All the committee members attended such meetings with the exception of Mr. Chan Chung Yin Victor who took part in all Audit Committee Meetings and one of the two Remuneration Committee Meetings.

FINANCIAL REPORTING

The Board is accountable to the shareholders and is committed to presenting comprehensive and timely information to the shareholders on assessment of the Company's performance, financial position and prospects.

DIRECTORS' RESPONSIBILITIES

The Directors acknowledge their responsibilities for preparing the financial statements of the Company, which give a true and fair view and comply with all applicable regulatory requirements and accounting standards. In preparing the financial statements for the year ended 31 March 2009, the Directors have selected appropriate accounting policies and applied them consistently, and made judgments and estimates that are prudent and reasonable. The Directors are not aware of any material uncertainties relating to events of conditions that may cast significant doubt upon the Company's ability to continue as a going concern as at 31 March 2009. The Board has also conducted a review of the effectiveness of the system of internal control of the Company and its subsidiaries.

AUDITORS' RESPONSIBILITY

The external auditors of the Company are Wong Lam Leung & Kwok C.P.A. Limited, Certified Public Accountants. A statement by the Auditors about their reporting responsibilities is included in the Report of the Auditors on the Company's financial statements on page 19.

COMMUNICATIONS WITH SHAREHOLDERS

The Company recognizes the importance of maintaining an on-going communication with shareholders to enable them to form their own judgment and to provide constructive feed back.

Our Directors are available at the Company's annual general meeting and special general meetings to answer questions and provide information which shareholders may enquire.

The Company has complied with the requirements of the Listing Rules and the Company's Bye-laws in respect of voting by poll and related matters.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VISION TECH INTERNATIONAL HOLDINGS LIMITED

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

We have audited the consolidated financial statements of Vision Tech International Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 20 to 56, which comprise the consolidated and company balance sheets as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purposes. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 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 Hong Kong Companies Ordinance.

WONG LAM LEUNG & KWOK C.P.A. LIMITED
Certified Public Accountants (Practising),
Hong Kong, 25 July 2009

Ma Shuk Fong
Practising Certificate Number : P02311

Consolidated Income Statement

Year ended 31 March 2009

	Notes	2009 $'000	2008 $'000
TURNOVER	3	**362,990**	315,804
Cost of sales		**(363,048)**	(304,748)
Gross (loss)/profit		**(58)**	11,056
Other revenue	3	**6,879**	582
Gain on disposal of a subsidiary		**—**	7,807
Impairment loss on amount due from a former subsidiary		**—**	(8,096)
Impairment losses on trade receivables		**(27,203)**	—
Administrative expenses		**(24,656)**	(16,124)
OPERATING LOSS		**(45,038)**	(4,775)
Finance costs	4	**(438)**	(1,513)
LOSS BEFORE TAX	5	**(45,476)**	(6,288)
Income tax expense	6	**—**	(1,188)
LOSS FOR THE YEAR		**(45,476)**	(7,476)
LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8	**(45,476)**	(7,476)
LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY FOR THE YEAR			
– basic (Cents)	9	**3.51**	0.58

The notes on pages 27 to 56 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

At 31 March 2009

	Notes	2009 $'000	2008 $'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**4,500**	—
Rental deposits		**702**	702
		5,202	702
CURRENT ASSETS			
Inventories	12	**11,347**	—
Trade and other receivables			
Trade receivables	13	**42,680**	22,863
Prepayments, deposits and other receivables		**5,660**	8,998
Current tax refundable	16	**1,144**	—
Bank deposits (pledged)		**4,000**	—
Bank balances and cash	22	**1,361**	102,660
		66,192	134,521
CURRENT LIABILITIES			
Bank overdraft (secured)	22	**236**	—
Trade and other payables			
Trade payables	14	**11,018**	20,401
Other payables, accruals and deposits received		**1,147**	2,715
Amount due to a related company	15	**156**	1,023
Current tax payable	16	**—**	1,188
		12,557	25,327
NET CURRENT ASSETS		**53,635**	109,194
TOTAL ASSETS LESS CURRENT LIABILITIES		**58,837**	109,896
NON-CURRENT LIABILITIES			
Amount due to ultimate holding company		**—**	(7,820)
NET ASSETS		**58,837**	102,076

Consolidated Balance Sheet

At 31 March 2009

	Notes	2009 $'000	2008 $'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	17	**129,496**	129,496
Reserves		**(70,659)**	(27,420)
TOTAL EQUITY		**58,837**	102,076

APPROVED BY:

Leung Chi Wah Earnest
Director

Law Fei Shing
Director

The notes on pages 27 to 56 are an integral part of these consolidated financial statements.

Balance Sheet

At 31 March 2009

	Notes	2009 $'000	2008 $'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**3,236**	—
Investments in subsidiaries	*11*	**8**	8
Rental deposits		**702**	702
		3,946	710
CURRENT ASSETS			
Trade and other receivables			
Trade receivables		**—**	1,721
Prepayments, deposits and other receivables		**3,267**	6,042
Amounts due from subsidiaries	*11*	**75,339**	1,893
Bank balances and cash		**1,201**	89,797
		79,807	99,453
CURRENT LIABILITIES			
Trade and other payables			
Other payables, accruals and deposits received		**924**	2,469
Amounts due to subsidiaries	*11*	**2**	3,015
Amount due to a related company	*15*	**156**	1,023
		1,082	6,507
NET CURRENT ASSETS		**78,725**	92,946
TOTAL ASSETS LESS CURRENT LIABILITIES		**82,671**	93,656
NON CURRENT LIABILITIES			
Amount due to ultimate holding company		**—**	(97)
NET ASSETS		**82,671**	93,559

Balance Sheet

At 31 March 2009

	Notes	2009 $'000	2008 $'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*17*	**129,496**	129,496
Reserves	*18*	**(46,825)**	(35,937)
TOTAL EQUITY		**82,671**	93,559

APPROVED BY:

Leung Chi Wah Earnest
Director

Law Fei Shing
Director

The notes on pages 27 to 56 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 March 2009

		Attributable to equity holders of the Company					
		Reserves					
	Share capital	Share premium	Capital reserve	Share-based Compensation reserve	Accumulated losses	Sub-total	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2007	36,460	42,823	81,869	—	(177,450)	(52,758)	(16,298)
Capital Reduction	(32,814)	—	—	—	32,814	32,814	—
Capital Reserves Reduction	—	(42,823)	(81,869)	—	124,692	—	—
Issue of subscription shares	75,000	—	—	—	—	—	75,000
Share Placings	40,000	—	—	—	—	—	40,000
Allotment and issue of new shares	10,850	—	—	—	—	—	10,850
Loss for the year	—	—	—	—	(7,476)	(7,476)	(7,476)
Balance at 31 March 2008	129,496	—	—	—	(27,420)	(27,420)	102,076
Fair value of share options (note 17)	—	—	—	2,237	—	2,237	2,237
Loss for the year	—	—	—	—	(45,476)	(45,476)	(45,476)
Balance at 31 March 2009	129,496	—	—	2,237	(72,896)	(70,659)	58,837

The notes on pages 27 to 56 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

Year ended 31 March 2009

	Notes	2009 $'000	2008 $'000
OPERATING ACTIVITIES			
Cash used in operations	*21*	**(81,923)**	(21,699)
Interest paid		**(228)**	(1,513)
Tax paid		**(2,332)**	—
Net cash used in operating activities		**(84,483)**	(23,212)
INVESTING ACTIVITIES			
Disposal of a subsidiary		**—**	(140)
Acquisition of a subsidiary		**—**	(8)
Acquisition of property, plant and equipment		**(5,257)**	—
Interest received		**25**	—
Net cash used in investing activities		**(5,232)**	(148)
FINANCING ACTIVITIES			
Pledged of cash deposits into a bank		**(4,000)**	—
Repayment of loan to ultimate holding company		**(7,820)**	—
Proceeds from issuance of share capital		**—**	125,858
Net cash (used in)/ generated from financing activities		**(11,820)**	125,858
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(101,535)**	102,498
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**102,660**	162
CASH AND CASH EQUIVALENTS AT END OF YEAR	*22*	**1,125**	102,660

The notes on pages 27 to 56 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Vision Tech International Holdings Limited ("the Company") was incorporated as an exempted company with limited liability in Bermuda. The principal place of business of the Company is at Suite 3908, Shell Tower, Times Square, Causeway Bay, Hong Kong.

The Company is listed on The Stock Exchange of the Hong Kong Limited ("the Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 11 to the consolidated financial statements.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000) unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 25 July 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance. The measurement basis used in preparing the consolidated financial statements is historical cost.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. 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 deconsolidated from the date that control ceases.

Results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from their effective dates of acquisition to the end of the year or up to the effective dates of disposal as the case may be.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Consolidation *(Continued)*

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(c) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Foreign currency translation *(Continued)*

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(I) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(II) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(III) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

Property, plant and equipment represent property, plant and equipment and are stated in the balance sheet at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Office furniture	– 5 years
Office equipment	– 5 years
Office decoration	– 5 years
Motor vehicles	– 5 years

The residual value and the useful life of an asset are reviewed at each financial year-end.

Gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised and is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortization, but are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition and is assigned by using the weighted average cost formula.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(h) Trade and other receivables

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses, if any, except for the following receivables:

— Interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses, if any; and

— Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses, if any.

At each balance sheet date, the company assesses whether there is any objective evidence that a receivable or group of receivables is impaired. Impairment losses on trade and other receivables are recognised in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Trade and other payables

Trade and other payables are initially measured at fair value and, after initial recognition, at amortised cost, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

(j) 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.

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the company. Provided that it is probable that the economic benefits associated with the revenue transaction will flow to the company and the revenue and the costs, if any, in respect of the transaction can be measured reliably, revenue is recognized as follows:

(i) Sales of goods

Revenue from the sales of goods is recognised when the company has delivered the goods to the customers and the customer has accepted the goods together with the risks and rewards of ownership of the goods.

(ii) Interest income

Interest income is recognized using the effective interest method.

(iii) Profit or loss on dealing in future contracts

Profit or loss on dealing in future contracts is recognised as revenue or expenditure on transaction date when the relevant contract notes are executed.

(l) Income tax

Income tax for the year includes current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss, except to the extent that the tax arises from a transaction or event which is recognised directly in equity. In the case if the tax relates to items that are recognised directly to equity, current tax and deferred tax are also recognised directly to equity.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a period.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Income tax *(Continued)*

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

At each balance sheet date, the company reviews and assesses the recognised and unrecognised deferred tax assets and the future taxable profit to determine whether any recognised deferred tax assets should be derecognised and any unrecognised deferred tax assets should be recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

(m) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Company and Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of the one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Financial guarantee contracts

A financial guarantee contract is a contract that requires the company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Company discloses the financial guarantee contracts as a contingent liability. Provisions are recognized when it is probable that the company has obligations under such contracts and an outflow of resources embodying economic benefits will be required to settle the obligations.

(o) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date by reference to the possibility that employees may leave before they use accumulated non-vesting entitlements.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Employee benefits *(Continued)*

(ii) Retirement benefit costs

The company has joined the Mandatory Provident Fund Scheme (the MPF Scheme) established under the Mandatory Provident Fund Ordinance. The company contributes 5% of the relevant income of staff members under the MPF Scheme. Contributions made for the Scheme by the company are capped at $1,000 for employees earning more than $20,000 a month. The assets of the Scheme are held separately from those of the company, in funds under the control of trustee.

Payments to the MPF Scheme are charged as an expense as they fall due.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-marketing vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(p) Operating leases

Leases where substantially all the rewards and risks of ownership of assets, including legal title, remain with the leasing party are accounted for as operating leases. Rentals applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

(q) Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Related parties *(Continued)*

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

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

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. TURNOVER, REVENUE AND SEGMENTAL INFORMATION

The Group is principally engaged in trading and distribution of consumer electronic appliances and metals. Turnover represents total invoiced value of goods supplied to customers after deduction of any goods returns and trade discounts. Revenues recognised during the year are as follows:

	2009 $'000	2008 $'000
Turnover		
Sales of goods	**362,990**	315,804
Other revenue		
Gain on exchange difference	**27**	58
Interest income	**25**	40
Profit on dealing in future contracts	**6,761**	—
Sundry income	**66**	—
Wavier of amounts due to a director and a corporate shareholder	**—**	484
	6,879	582
Total revenues	**369,869**	316,386

Segment information is presented in respect of the Group's business and geographical segments.

3. TURNOVER, REVENUE AND SEGMENTAL INFORMATION *(Continued)*

(a) Business segments

The Group is organized into two main business segments; electronic and metal trading. There are no significant sales or other transactions between two segments.

	2009				2008			
	Electronic $'000	Metal Trading $'000	Unallocated $'000	Group $'000	Electronic $'000	Metal Trading $'000	Unallocated $'000	Group $'000
Revenue	154,322	208,668	—	362,990	313,763	2,041	—	315,804
Segment results	(894)	(29,104)	(15,040)	(45,038)	6,931	26	(11,732)	(4,775)
Finance costs				(438)				(1,513)
Taxation				—				(1,188)
Loss for the year				(45,476)				(7,476)
Other segment information:								
Amortization of mould cost	1,015	—	—	1,015	—	—	—	—
Depreciation	4	—	668	672	—	—	238	238
Impairment losses on trade receivables	—	27,203	—	27,203	—	—	—	—
Write-down of inventories	—	6,300	—	6,300	—	—	—	—
Share-based compensation	—	—	2,237	2,237	—	—	—	—
Impairment loss on amount due from former subsidiary	—	—	—	—	—	—	8,096	8,096
Segment assets, liabilities and capital expenditure:								
Assets	13,344	48,379	9,671	71,394	36,732	97,560	931	135,223
Liabilities	552	10,910	1,095	12,557	29,391	2,469	1,287	33,147
Capital expenditures	20	—	5,237	5,257	—	—	—	—

3. TURNOVER, REVENUE AND SEGMENTAL INFORMATION *(Continued)*

(b) Geographical segments

An analysis of Group's turnover for the year by geographical segments as follows:

	Revenue from external customers		Segment assets		Capital expenditure incurred during the year	
	2009	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Africa	**26,792**	46,226	**—**	—	**—**	—
America	**22,980**	62,953	**6,830**	—	**—**	—
Europe	**8,472**	—	**—**	—	**—**	—
Hong Kong	**208,669**	1,732	**63,101**	135,223	**3,818**	—
Middle East	**86,948**	187,955	**—**	—	**—**	—
PRC	**—**	2,041	**1,461**	—	**1,439**	—
South East Asia	**9,129**	12,242	**—**	—	**—**	—
Others	**—**	2,655	**2**	—	**—**	—
	362,990	315,804	**71,394**	135,223	**5,257**	—

4. FINANCE COSTS

	2009	2008
	$'000	$'000
Interest charges on:		
Amounts due to a director and a shareholder	**—**	1,505
Bank overdrafts	**2**	8
Trade payables	**210**	—
Amount due to ultimate holding company	**226**	—
	438	1,513

5. LOSS BEFORE TAX

Loss before tax is arrived at after charging the following:

	2009 $'000	2008 $'000
Other staff costs		
– Contributions to defined contribution plan	**115**	56
– Salaries and other benefits	**5,324**	1,504
	5,439	1,560
Auditors' remuneration	**400**	380
Bad debts written off	**144**	—
Cost of inventories sold	**353,925**	304,725
Depreciation	**672**	238
Impairment losses on trade receivables	**27,203**	—
Loss on disposal of property, plant and equipment	**85**	—
Operating lease charges	**2,242**	1,118
Share-based compensation – directors and employees	**943**	—
Share-based compensation – third parties	**1,294**	—
Write-down of inventories	**6,300**	23

6. INCOME TAX IN THE INCOME STATEMENT

(a) No Hong Kong profits tax has been provided in the financial statements as the Group did not derive any assessable profits for the year.

	2009 $'000	2008 $'000
Taxation in the income statement respresents:		
Current tax – Hong Kong profits tax		
Provision for the year is calculated at 16.5% (2008 : 17.5%) of the estimated assessable profits for the year	**—**	1,213
Tax reduction	**—**	(25)
	—	1,188

6. INCOME TAX IN THE INCOME STATEMENT

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2009 $'000	2008 $'000
Loss before tax	**(45,476)**	(6,288)
Tax calculated at a taxation rate of 16.5% (2008 : 17.5%)	**(7,503)**	(1,100)
Tax effect of non-taxable revenue	**(4)**	(872)
Tax effect of non-deductible expense	**5,570**	1,970
Tax effect of unrecognised deferred tax liabilities	**(374)**	—
Tax effect of unused tax loss not recognised	**2,311**	1,215
Tax reduction	**—**	(25)
Income tax expense	**—**	1,188

7. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The emoluments of each director of the Group for the years ended 31 March 2009 and 2008 are as follows:

	Directors' fees $'000	Bonuses $'000	Retirement scheme contributions $'000	Fair value of options granted $'000
2009				
Executive directors				
Cheng Hairong	**1,200**	**100**	**13**	**491**
Chu Kwok Chi, Robert	**360**	**30**	**13**	**118**
Non-executive directors				
Pei Chen Chi Kuen, Delia	**—**	**—**	**—**	**31**
Independent non-executive directors				
Devidas Harilela	**150**	**—**	**—**	**31**
Chan Chung Yin, Victor	**150**	**—**	**—**	**31**
Ma Kwai Yuen	**150**	**—**	**—**	**31**
	2,010	**130**	**26**	**733**

7. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' emoluments *(Continued)*

	Directors' fees $'000
2008	
Executive directors	
Cheng Hairong	81
Chu Kwok Chi, Robert	30
Yang Chun, Thomas	111
Independent non-executive directors	
Cheng Hong Cheung	107
Leung Wing On, Louis	131
Lam Kwok Ming	100
	560

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, one (2008 : one) was director of the Company whose emoluments are set out above. The emoluments of the remaining four (2008 : four) individuals were as follows:

	2009 $'000	2008 $'000
Salaries and other emoluments	**2,606**	879
Bonuses	**201**	228
Retirement scheme contributions	**44**	—
	2,851	1,107

The emoluments fell within the following bands:

	2009 Number of Individuals	2008 Number of Individuals
HK$Nil – HK$1,000,000	**4**	4

During both years, no emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during both years.

7. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(c) Directors' emoluments – share-based compensation

	Grant date	Exercise price per share	Number of share options outstanding at 31 March 2009
Executive directors			
Cheng Hariong	27/8/2008	0.136	12,500,000
Chu Kwok Chi, Robert	27/8/2008	0.136	3,000,000
Non-executive directors			
Pei Chen Chi Kuen, Delia	27/8/2008	0.136	800,000
Independent non-executive directors			
Devidas Harilela	27/8/2008	0.136	800,000
Chan Chung Yin, Victor	27/8/2008	0.136	800,000
Ma Kwai Yuen	27/8/2008	0.136	800,000

8. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company dealt with in the financial statements of the Company is approximately $13,125,000 (2008 : $13,837,000).

9. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the equity holders of approximately $45,476,000 (2008 : $7,476,000) and the weighted average of 1,294,960,000 (2008 : 1,294,960,000) ordinary shares during the year.

10. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Office Furniture $'000	Office Equipment $'000	Office Decoration $'000	Motor Vehicles $'000	Total $'000
Cost:					
At 1 April 2007	1	66	1,124	—	1,191
Disposal of subsidiary	(1)	(66)	(1,124)	—	(1,191)
At 31 March 2008	—	—	—	—	—
Accumulated depreciation:					
At 1 April 2007	—	13	225	—	238
Charge for the year	—	13	225	—	238
Impairment losses	1	40	674	—	715
Disposal of subsidiary	(1)	(66)	(1,124)	—	(1,191)
At 31 March 2008	—	—	—	—	—
Net book value:					
At 31 March 2008	—	—	—	—	—
Cost:					
At 1 April 2008	—	—	—	—	—
Additions	493	433	1,274	3,057	5,257
Disposals	(85)	—	—	—	(85)
At 31 March 2009	408	433	1,274	3,057	5,172
Accumulated depreciation:					
At 1 April 2008	—	—	—	—	—
Charge for the year	70	74	228	300	672
At 31 March 2009	70	74	228	300	672
Net book value:					
At 31 March 2009	338	359	1,046	2,757	4,500

10. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

COMPANY

	Office Furniture $'000	Office Equipment $'000	Office Decoration $'000	Motor Vehicles $'000	Total $'000
Cost:					
Additions	493	413	1,274	1,618	3,798
Disposals	(85)	—	—	—	(85)
At 31 March 2009	408	413	1,274	1,618	3,713
Accumulated depreciation:					
Charge for the year	70	71	228	108	477
At 31 March 2009	70	71	228	108	477
Net book value:					
At 31 March 2009	338	342	1,046	1,510	3,236

11. INVESTMENTS IN AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES

COMPANY

	2009 $'000	2008 $'000
Unlisted shares, at cost	**8**	8
Amounts due from subsidiaries	**75,339**	1,893
Amounts due to subsidiaries	**2**	3,015

The amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed repayment terms.

11. INVESTMENTS IN AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES *(Continued)*

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

Name	Place of incorporation	Nominal value of issued capital	Percentage of issued capital held by the company Direct	Indirect	Principal activities
Chong Sun Securities Limited	The British Virgin Islands	US$1	100%	—	Investment holding
Asset Direct Trading Limited	The British Virgin Islands	US$1	100%	—	Investment holding
Capital Spirit Limited	The British Virgin Islands	US$1	100%	—	Investment holding
Moral Access Limited	Hong Kong	HK$10,000	—	100%	No business
Kingston Recycling Limited	Hong Kong	HK$1	—	100%	Trading of scrap metal
Krongate Limited	The British Virgin Islands	US$1,000	100%	—	Trading of consumer electronic appliances

The principal place of operation for all of the above subsidiaries are in Hong Kong.

12. INVENTORIES

GROUP

	2009 $'000	2008 $'000
Trading inventories (stated at NRV)	**11,347**	—
The amount of inventories recognised as an expense during the year:		
Carrying amount of inventories sold	**353,925**	304,725
Write-down of inventories	**6,300**	23
	360,225	304,748

13. TRADE RECEIVABLES

GROUP

	2009 $'000	2008 $'000
Trade receivables	**69,883**	22,863
Less : Impairment losses	**27,203**	—
	42,680	22,863

At 31 March 2009 and 2008, the aging analysis of the trade receivables were as follows:

	2009 $'000	2008 $'000
Within 60 days	**262**	22,863
61-90 days	**—**	—
91-120 days	**60,405**	—
Over 121 days	**9,216**	—
	69,883	22,863
Less : Impairment losses	**27,203**	—
	42,680	22,863
Allowance account for credit losses:		
Balance as at 1 April	**—**	1,802
Impairment losses made during the year	**27,203**	—
Amount written off	**—**	(1,802)
Balance as at 31 March	**27,203**	—

14. TRADE PAYABLES

GROUP

At 31 March 2009 and 2008, the aging analysis of the trade payables were as follows:

	2009 $'000	2008 $'000
Within 60 days	**314**	20,401
61-90 days	**73**	—
Over 90 days	**10,631**	—
	11,018	20,401

15. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company is unsecured, interest free and has no fixed repayment terms.

16. INCOME TAX IN THE BALANCE SHEET

(a) Current tax in the balance sheet represents:

	2009 **$'000**	2008 $'000
Provision for Hong Kong profits tax for the year	**—**	1,188
Provisional profits tax paid	**(1,144)**	—
	(1,144)	1,188

(b) Deferred taxation

No deferred taxation has been provided in the financial statements as there are deferred income tax assets arising from tax losses.

At the balance sheet date, the Group and the Company have unrecognized tax losses of $28,693,017 (2008: $14,687,389) and of 24,202,981 (2008 : $13,669,819) respectively available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognized in respect of the tax losses due to the unpredictability of future profit streams.

The components of deferred tax (assets)/liabilities not recognized in the balance sheet are as follows:

GROUP

	Accelerated tax depreciation $'000	**Tax losses** $'000	**Total** $'000
At 1 April 2007	—	(1,354)	(1,354)
Movement for the year	—	(1,216)	(1,216)
At 31 March 2008	—	(2,570)	(2,570)
At 1 April 2008	—	(2,570)	(2,570)
Change in tax rate	—	147	147
Movement for the year	374	(2,311)	(1,937)
At 31 March 2009	374	(4,734)	(4,360)

16. INCOME TAX IN THE BALANCE SHEET *(Continued)*

(b) Deferred taxation *(Continued)*

COMPANY

	Accelerated tax depreciation $'000	Tax losses $'000	Total $'000
At 1 April 2007	—	(1,185)	(1,185)
Movement for the year	—	(1,207)	(1,207)
At 31 March 2008	—	(2,392)	(2,392)
At 1 April 2008	—	(2,392)	(2,392)
Change in tax rate	—	137	137
Movement for the year	232	(1,738)	(1,506)
At 31 March 2009	232	(3,993)	(3,761)

17. SHARE CAPITAL

GROUP AND COMPANY

	2009 $'000	2008 $'000
Authorized:		
2,000,000,000 ordinary shares of $0.1 each	**200,000**	200,000
Issued and fully paid:		
1,294,962,600 ordinary shares of $0.1 each	**129,496**	129,496

Share options

Pursuant to a resolution of annual general meeting dated 18 July 2008, the Company adopted a new share option scheme (the "New Option Scheme") and terminated the option scheme which was adopted on 2 December 1999.

The general terms of the New Option Scheme are as follows:

(a) The Board may grant options to any of directors, employees and third parties.

(b) The subscription price of a share shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing prices of the share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of the share on the date of grant.

(c) The total number of shares available for issue under options which may be granted under the New Option Scheme and any other shares option scheme of the Company must not exceeded 10% of the share in issue as at the date of approval of the New Option Scheme. This limit can be refreshed by the approval of shareholders in general meeting.

17. SHARE CAPITAL *(Continued)*

Share options *(Continued)*

The Company granted options to subscribe for an aggregate of 123,860,000 shares to certain directors, employees and third parties with details as follows:

Parties	Date of grant	Number of Shares subject to option	Exercise price (HK$)	Exercise period
Directors				
Mr. Cheng Hairong	27/8/2008	12,500,000	0.136	27/8/2008 to 20/8/2011
Mr. Chu Kwok Chi, Robert	27/8/2008	3,000,000	0.136	27/8/2008 to 20/8/2011
Mrs. Pei Chen Chi Kuen Delia	27/8/2008	800,000	0.136	27/8/2008 to 20/8/2011
Mr. Devidas Harilela	27/8/2008	800,000	0.136	27/8/2008 to 20/8/2011
Mr. Chan Chung Yin Victor	27/8/2008	800,000	0.136	27/8/2008 to 20/8/2011
Mr. Ma Kwai Yuen	27/8/2008	800,000	0.136	27/8/2008 to 20/8/2011
Employees	27/8/2008	6,200,000	0.136	27/8/2008 to 20/8/2011
Third parties	27/8/2008	4,960,000	0.136	27/8/2008 to 20/8/2011
Third parties	10/10/2008	94,000,000	0.1	10/10/2008 to 9/10/2011
		123,860,000		

	Average exercise price HK$	Options
1 April 2008	—	—
Granted	0.109	123,860,000
Lapsed	0.109	(100,000)
31 March 2009	0.109	123,760,000

All the options outstanding as at 31 March 2009 were exercisable.

The total fair value, which was determined by Binomial Option Pricing model, of the options granted under the New Option Scheme as at the grand date and is charged to the consolidated income statement during the year ended 31 March 2009 was approximately HK$2,237,000.

17. SHARE CAPITAL *(Continued)*

Share options *(Continued)*

The following assumptions were adopted to calculate the fair value of the options on the grant date:

Average share price	HK$0.08 to HK$1.44
Exercise prices	HK$0.10 to HK$0.136
Expected life of options	3 years
Expected volatility	33.68% to 36.14%
Expected dividend yield	0.00%
Risk free rate	1.669% to 2.397%

The expected volatility is determined by calculating the historical volatility of the price of listed companies with similar business to the Group. The expected dividend yield is determined by the Directors based on the expected future performance and dividend policy of the Group.

18. RESERVES

COMPANY

	Share premium $'000	Capital reserve $'000	Share-based compensation reserve $'000	Accumu-lated losses $'000	Total $'000
Balance at 1 April 2007	42,823	81,869	—	(179,606)	(54,914)
Capital Reduction	—	—	—	32,814	32,814
Capital Reserves Reduction	(42,823)	(81,869)	—	124,692	—
Loss for the year	—	—	—	(13,837)	(13,837)
Balance at 31 March 2008	—	—	—	(35,937)	(35,937)
Fair value of share options (note 17)	—	—	2,237	—	2,237
Loss for the year	—	—	—	(13,125)	(13,125)
Balance at 31 March 2009	—	—	2,237	(49,062)	(46,825)

19. CAPITAL DISCLOSURE

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies and processes during the years ended 31 March 2008 and 2009.

The Group monitors capital using a gearing ratio, which is the Group's total liabilities over its total assets. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratio as at 31 March 2009 was 0.18:1 (2008 : 0.25:1).

20. COMMITMENTS

(a) At 31 March 2009, the capital commitments outstanding and not provided for in the consolidated financial statements were as follows:

	2009 $'000	2008 $'000
Commitment contracted for in respect of property, plant and equipment	—	281

(b) At 31 March 2009, the total future minimum lease payments under non-cancellable operating leases for each of the following periods were:

	2009 $'000	2008 $'000
Within one year	2,706	2,191
In the second to fifth years	2,480	4,555
	5,186	6,746

21. NOTE TO CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of loss before tax to cash flow from operating activities:

	2009 $'000	2008 $'000
Loss before tax	(45,476)	(6,288)
Adjustments for:		
– Interest expenses	228	1,513
– Interest income	(25)	—
– Depreciation	672	—
– Gain on disposal of a subsidiary	—	(7,807)
– Impairment losses on trade receivables	27,203	51
– Loss on disposal of property, plant and equipment	85	—
– Write-down of inventories	6,300	—
– Share-based compensation	2,237	—
– Impairment loss on amount due from a former subsidiary	—	8,096
Operating loss before changes in working capital	(8,776)	(4,435)
(Increase)/decrease in inventories	(17,647)	23
Increase in trade receivables	(47,020)	(21,924)
Decrease/(increase) in prepayments, deposits and other receivables	3,338	(9,699)
Increase in amounts due from fellow subsidiaries	—	(1,044)
(Decrease)/increase in trade payables	(9,383)	20,401
(Decrease)/increase in other payables, accruals and deposits received	(1,568)	6,759
Decrease in amount due to a director	—	(12,104)
(Decrease)/increase in amount due to a related company	(867)	324
CASH USED IN OPERATIONS	(81,923)	(21,699)

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2009 $'000	2008 $'000
Bank balances and cash	1,361	102,660
Bank overdraft (repayable on demand)	(236)	—
	1,125	102,660

23. MATERIAL RELATED PARTY TRANSACTIONS

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

(a) Transactions with related parties

	2009 $'000	2008 $'000
Rental expense paid to a related company	32	382
Loan interest paid to ultimate holding company	226	—
Loan interest paid to a director	—	1,238
Loan interest paid to a corporate shareholder	—	267
Settlement of liabilities by a director on behalf of the Group	—	300
Settlement of liabilities by a related company on behalf of the Group	156	—
Settlement of liabilities by ultimate holding company on behalf of the Group	15	319

(b) Balances with related parties

	2009 $'000	2008 $'000
Others	156	1,023

24. FINANCIAL INSTRUMENTS

The Group has classified its financial assets in the following categories:

	Loans and receivables	
	2009	2008
	$'000	$'000
Trade receivables	**42,680**	22,863
Deposits and other receivables	**5,080**	9,700
Bank deposits (pledged)	**4,000**	—
Bank balances and cash	**1,361**	102,660
	53,121	135,223

The Group has classified its financial liabilities in the following categories:

	Financial liabilities measured at amortised cost	
	2009	2008
	$'000	$'000
Bank overdraft	**236**	—
Trade payables	**11,018**	20,401
Other payables and accruals	**1,147**	1,653
Deposits received	**—**	1,062
Amount due to a related company	**156**	1,023
Amount due to ultimate holding company	**—**	7,820
	12,557	31,959

The Group is exposed to credit risk, liquidity risk and market risk in the normal course of its business and financial instruments. The Group's risk management objectives, policies and processes mainly focus on minimizing the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

24. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk

The Group is exposed to credit risk on financial assets, mainly attributable to trade and other receivables. It sets credit limit on each individual customer and prior approval is required for any transaction exceeding that limit. The customer with sound payment history would accumulate a higher credit limit. In addition, the overseas customers would normally be required to transact with the Group by letter of credit in order to minimise the group's credit risk exposure.

	2009 **$'000**	2008 $'000
Summary quantitative data		
Trade receivables	**42,680**	22,863
Deposits and other receivables	**5,080**	9,700
Bank deposits (pledged)	**4,000**	—
Bank balances and cash	**1,361**	102,660
	53,121	135,223

At 31 March 2009, the company has concentration of risk on trade receivables as 84% of the total trade receivables is due from one customer.

An analysis of the age of financial assets that are past due but not impaired:

	2009 **$'000**	2008 $'000
Past due up to:		
– 31 to 60 days	**262**	22,863
– 91 to 120 days	**33,202**	—
– Over 120 days	**9,216**	—
	42,680	22,863

24. FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk

The Group is exposed to liquidity risk on financial liabilities. It manages its fund conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need. Various banking facilities and credit lines have also been arranged with bank in order to fund any emergency liquidity requirements.

The details of remaining contractual maturities at the balance sheet date of the financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay are as follows:

	Carrying amount $'000	**Total contractual undiscounted cash flow $'000**	**Within 1 year or on demand $'000**
2009			
Bank overdraft	**236**	**236**	**236**
Trade payables	**11,018**	**11,018**	**11,018**
Other payables and accruals	**1,147**	**1,147**	**1,147**
Amount due to a related company	**156**	**156**	**156**
	12,557	**12,557**	**12,557**

	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000
2008				
Trade payables	20,401	20,401	20,401	—
Other payables and accruals	1,653	1,653	1,653	—
Deposits received	1,062	1,062	1,062	—
Amount due to a related company	1,023	1,023	1,023	—
Amount due to ultimate holding company	7,820	7,820	—	7,820
	31,959	31,959	24,139	7,820

24. FINANCIAL INSTRUMENTS *(Continued)*

(c) Market risk

(i) Interest rate risk

The Group has exposure on cash flow interest rate risk which mainly arises from its interest-bearing deposits and borrowings with the banks.

In order to manage the cash flow interest rate risk, the Group will repay the corresponding borrowings when it has surplus funds.

Summary quantitative data

	2009 $'000	2008 $'000
Floating-rate financial assets/(liabilities)		
Bank balances	**4,860**	76,053
Bank overdraft	**(236)**	—
Net interest-bearing assets	**4,624**	76,053

No sensitivity analysis for the Group's exposure to interest rate risk arising from cash at bank is prepared since based on the management's assessment the exposure is considered not significant.

(ii) Foreign currency risk

The Group's purchases and sales are mainly in US dollars, that expose it to currency risk arising from such purchases and sales and the resulting receivables and the payables. The Group closely and continuously monitors the exposure on currency risk. Since HK dollars are pegged to US dollars, there is no significant exposure expected on US dollars transactions and balances.

Summary quantitative data

	US dollars	
	2009	2008
Trade receivables	**8,959,400**	2,931,117
Trade deposits paid	**164,608**	818,238
Trade payables	**(1,412,520)**	(2,615,509)
Net exposure to currency risk	**7,711,488**	1,133,846

No sensitivity analysis for the Group's exposure to currency risk from financial assets and liabilities denominated in US dollars is prepared since the management's assessment of reasonably changes in value of the HK dollar against the US dollar is insignificant.

25. CONTINGENT LIABILITIES

As at 31 March 2009, the Company has given a guarantee to a bank in respect of banking facilities granted to one of its subsidiaries.

26. ULTIMATE HOLDING COMPANY

The directors consider the company's ultimate holding company at 31 March 2009 to be EPI (Holdings) Limited ("EPI"), which is incorporated in Bermuda and is listed on the Stock Exchange.

27. EVENTS AFTER THE BALANCE SHEET DATE

(a) Connected transaction

On 14 May 2009, a subsidiary of the Company, entered into a contract with JCCL EPI (Qingyuan JCCL EPI Copper Limited, an equity joint venture company incorporated in the People's Republic of China (the "PRC") with limited liability and is owned 60% by EPI and 40% by Jiangxi Copper Company Limited) for the sales of 300 metric tons copper ore to JCCL EPI. JCCL EPI is a connected person of the Company and the entering into of the Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the signing of the above contract to 27 May 2009, there was no trading of copper ore with JCCL EPI. On 27 May 2009, EPI ceased to be the controlling shareholder of the Company and hence, JCCL EPI ceased to be a connected person of the Company.

(b) Disposal of shares by controlling shareholder

On 18 May 2009, Advanced Grade Investments Limited, a wholly owned subsidiary of EPI which held approximately 57.92% of the Company and the shares of which are listed on the Stock Exchange, entered into a placing agreement (the "Placing Agreement") with a placing agent in:

(i) placing 100,000,000 shares of the Company to independent third parties; and

(ii) placing an option of 200,000,000 shares to independent third parties.

On 22 May 2009, an aggregate of 200,000,000 shares were placed to independent third parties under the Placing Agreement and Advanced Grade Investments Limited held approximately 42.47% of the Company after the placing and ceased to be the ultimate holding company of the Company.

(c) Letter of Intent

On 10 June 2009, the Company entered into a legally binding letter of intent (the "Letter of Intent") with an independent third party in respect of a proposed formation of a joint venture (the "Proposed Joint Venture") in the PRC. The parties to the Letter of Intent have proposed to establish a sino-foreign joint venture enterprise which will be engaged in the business of constructing, operating and managing a large scale first class cemetery in a major city in the PRC.

(d) Placing of shares

On 18 June 2009, three vendors ("Vendors") entered into placing agreements with a placing agent to place 258,000,000 shares to independent third parties at a price of HK$0.42 per share. The Vendors also entered into subscription agreements with the Company, pursuant to which the Vendors agreed to subscribe for 258,000,000 shares at a price of HK$0.42 per share. The above transactions were completed on 29 June 2009 and the issue share capital of the Company were increased by 258,000,000 shares.

(e) Outstanding litigation

Since the balance sheet date, a subsidiary has lodged a legal claim against its major supplier on the quality of scrap metal. The outcome of which is not yet determined.

27. EVENTS AFTER THE BALANCE SHEET DATE *(Continued)*

(f) Convertible Notes

On 19 June 2009, the Company entered into a legally binding term sheet with Abax Global Capital Pte. (S) Limited ("Abax Global") in relation to a potential investment by Abax Global in the Company. The proposed investment will consist of an approximately US$20–25 million investment in convertible notes ("CN") to be issued by the Company. The maturity date of the CN is 30 months from the issue of the CN at an interest rate of 9% per annum. The conversion price will be HK$0.55 to HK$0.58. The completion of the proposed investment is subject to applicable regulatory requirements and satisfactory completion of financial and legal due diligence and the execution of definitive agreements satisfactory to both Abax Global and the Company. The proposed investment may or may not proceed.

28. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of 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 experiences and various other factors that are believed to be reasonable under the circumstances. While the management reviews their judgment, estimates and assumption continuously, the 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 or in the period of the revision and future periods if the revision affects both current and future periods. However, there are no estimates or assumptions used on these financial statements that the director expects will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

29. HONG KONG FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR

HKFRSs that have been issued but are not yet effective for the year include the following HKFRSs which may be relevant to the Group's operations and financial statements:

	Effective for annual period beginning on or after
HKAS 1 (Revised) Presentation of financial statements	1 January 2009
HKAS 23 (Revised) Borrowing costs	1 January 2009
HKFRS 8 Operating segments	1 January 2009
IFRS/HKFRS 2 (Amendment) – Share-based Payment Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised) – Business Combination	1 July 2009
HKFRS 27 (Revised) – Consolidated and Separate Financial Statements	1 July 2009

The Group has not early adopted these HKFRSs. Initial assessment has indicated that the adoption of these HKFRSs would not have a significant impact on the Group's financial statements in the year of initial application. The Group will be continuing with the assessment of the impact of these HKFRSs and other significant changes may be identified as a result.

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the company's Board of Directors on 25 July 2009.