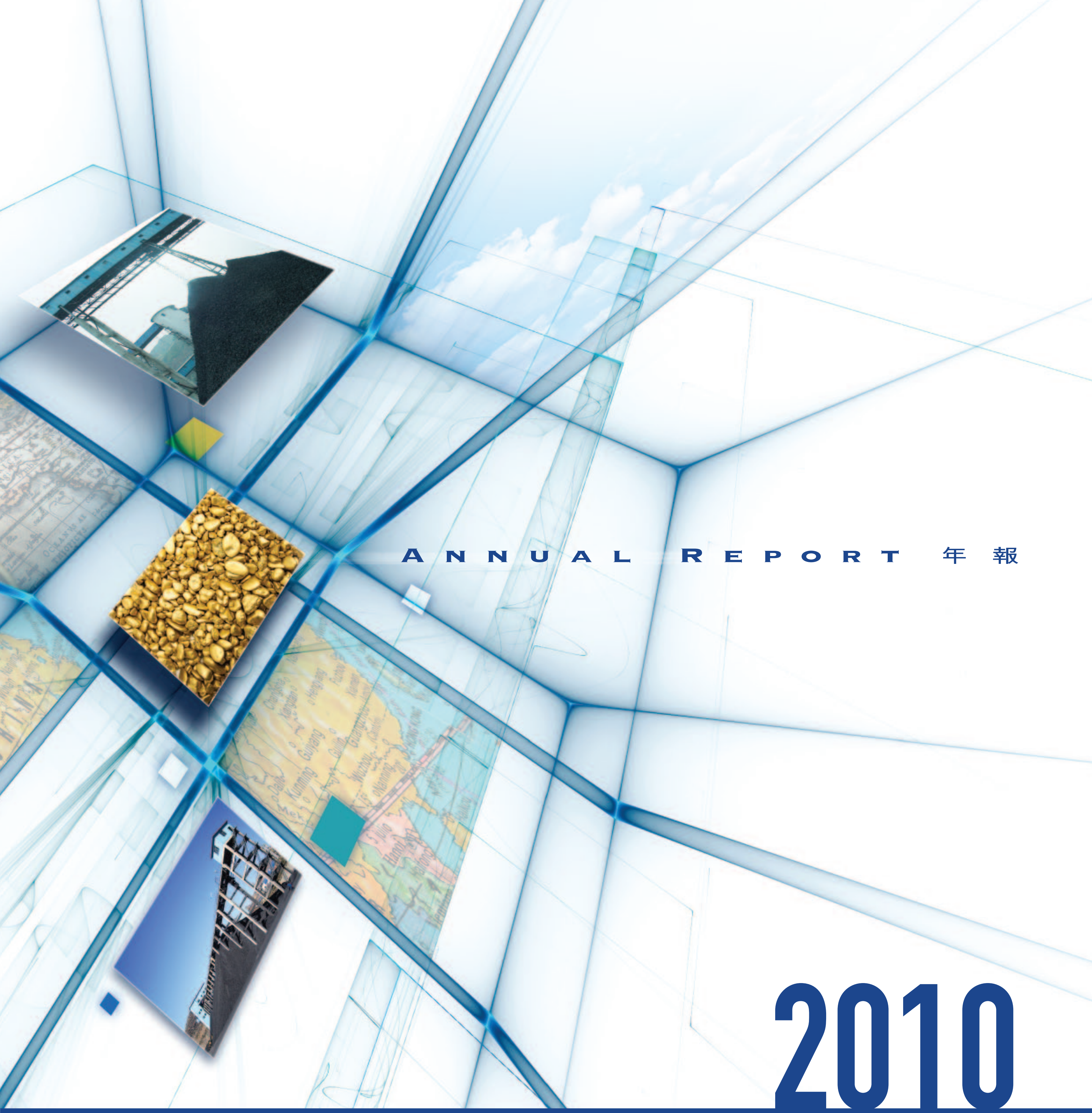

ANNUAL REPORT 年報

2010

WING HING INTERNATIONAL (HOLDINGS) LIMITED
永興國際(控股)有限公司*

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

(Stock Code 股份代號: 621)

* For identification purpose only 僅供識別

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Ms. Leung Pui Kwan *(Chairman)*
Mr. Li Hok Yin *(Chief Executive Officer)*
Ms. Cheung Pak Sum
Mr. Shen Junchen

Independent Non-Executive Directors
Mr. Hui Wah Tat, Anthony
Mr. Li Kam Chung
Mr. Chui Man Lung, Everett

COMPANY SECRETARY
Mr. Ngan Chi Keung, Mike (Resigned on 1 July 2010)

PRINCIPAL BANKERS
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.

AUDITORS
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central, Hong Kong

LEGAL ADVISERS ON HONG KONG LAW
D.S. Cheung & Co. Solicitors
1910–1913, 19/F
Hutchison House
10 Harcourt Road
Central
Hong Kong

LEGAL ADVISERS ON BERMUDA LAW
Appleby
8/F, Bank of America Tower
12 Harcourt Road
Central
Hong Kong

REGISTERED OFFICE
Canon's Court
22 Victoria Street
Hamilton, HM12
Bermuda

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE
Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE
Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
Unit 1901, 19/F
Nina Tower
8 Yeung Uk Road
Tsuen Wan, New Territories
Hong Kong

CHAIRMAN'S STATEMENT

RESULTS

During the financial year 2009/2010, the Group recorded a loss attributable to owners of the Company of approximately HK$14,400,000 or loss of HK1.17 cents per share basic, compared with a loss attributable to owners of the Company for the year 2008/2009 of approximately HK$69,184,000 or loss of HK8.14 (restated) cents per share basic.

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2010 (2009: Nil).

BUSINESS REVIEW

During the year under review, the Group has recorded a turnover of the continuing operations approximately HK$26.27 million which represents an increase of 901% compared with the turnover of the continuing operations recorded in the corresponding period of last year. The Group recorded a net loss from ordinary activities attributable to owners of the Company of approximately HK$14.40 million compared with a net loss from ordinary activities attributable to owners of the Company of approximately HK$69.18 million for the corresponding period of last year.

Coal Mining

The Group has injected its resources into coal mining business since 2008. The Group has acquired five small-scale coal mines in Guizhou during November 2008. Currently, two of the coal mines are undergoing expansion and the remaining three which include Shuishan, Tiechong and Xinghe coal mines are temporarily leased back to the former owners to operate so as to release the pressure of cash flow for operating costs. Meanwhile, the Group is recruiting mining professionals or reliable teams to prepare for the mining work after the completion of mine expansion. As such, coal mining business does not generate much income at the moment, but we are working on improving the business.

Construction

On 7 September 2009, the Company entered into a sale and purchase agreement with Ng Tat Leung, George to dispose the entire issued share capital of Club Ace Holdings Limited and the its shareholder's loan. The Directors consider that the disposal of Club Ace Holdings Limited together with the shareholder's loan represents a good opportunity for the Group to (i) dispose its loss making businesses; (ii) reduce its capital expenditure commitment and ensure that no operation cash flow will be required to support the construction operations of the Group; and (iii) to strengthen the financial position of the Group. In October 2009, the Company completed such disposal of construction group to Ng Tat Leung, George, including the existing construction contract, licenses, man power and technical know-how.

CHAIRMAN'S STATEMENT

PROSPECTS

Coal Mining

Recently, there occurred several coal mine accidents in succession in the Mainland China, which directly speed up promoting to standardise the coal mining industry. The Department of Energy of China has point out recently that it will initiate the formulation of coal regulations and policies, including some directions, among others, strengthening the management of coal resources, the improvement of coal planning and the protection of rights and interests of the miners, etc.

Some analysts in the coal industry in Mainland China believe that the costs in the construction and production of coal mine for the coal enterprise are certain to increase once the policies are implemented, which will directly lead to reduce the gross margins of the coal enterprises. Therefore, the Group is cautious on the coal mining.

Gold Mining

On 8 February 2010, Longold Win Limited, a wholly owned subsidiary of the Group entered into an agreement with Ms. Wong Kei Yan, which is an acquisition of Long Men Sou Mine, located at Long Men District of the Chicheng County, Hebei Province, the PRC. The Long Men Sou Mine is currently with a mining area of approximately 0.3611 sq. km. and can be accessed by highway. Upon completion, the Group shall own the entire Long Men Sou Exploration Licence and be entitled to lease the existing plant, office, equipment and quarters at the Long Men Sou Mine for a term of 5 years at a total rental of RMB1,000. On 2 July 2010, the Company entered into the Second Supplemental Agreement to amend certain terms of the Acquisition Agreement and the acquisition was completed on 2 July 2010 under certain conditions.

The Board is optimistic about the function of Gold Mining. Gold became a risk-resistance investment tool in 2009. In 2009, gold price sharply increased from the lowest of US$801.5 per ounce in January to the record highest of US$1,226.60 per ounce in early December. We believed that this upward trend will continue in the next 2 years. We will enhance the existing production capacity and further acquisition of exploration and mining right all over the world.

Guaranty Company

Guizhou Baoxin Investment and Guaranty Co. Ltd. (the "PRC Subsidiary") was established in Guizhou Province, the People's Republic of China with a registered capital and paid up capital of US$10 million. The PRC Subsidiary is wholly owned by China Fortune International Investments Limited, a direct wholly-owned subsidiary of the Company, and has an approved operating term of 20 years commencing from 9 April 2010, being the date of establishment of the PRC Subsidiary.

The major scope of business of the PRC Subsidiary includes, among other things, (i) providing certain types of guarantees for entities and individuals to obtain various kinds of financing from banks or financial institutions in Guizhou including loans, bills discounting, leases financing and project financing; (ii) providing financing consultancy services relating to the guarantees business; and (iii) making investments.

As the PRC Subsidiary will focus on provision of guarantees to natural resource companies for bank borrowings in Guizhou, the Board is of the view that the establishment of the PRC Subsidiary will not only facilitate the development of the Group's financial guarantee services in the PRC, but also create synergy with the Group's existing mining business.

CHAIRMAN'S STATEMENT

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2010, the Group's had no outstanding bank borrowings and no banking facilities.

The Group's gearing ratio as at 31 March 2010 was zero (2009: 0.049), calculated based on the Group's total zero borrowings (2009: HK$20,267,000) over the Group's total assets of HK$346,796,000 (2009: HK$412,001,000).

The Group continues to adopt a policy of dealing principally with clients with whom the Group has enjoyed a long working relationship so as to minimize risks in its business.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2010, the Group mainly operated in the PRC and the majority of the Group's transactions and balances as at and for the year ended 31 March 2010 was denominated in Renminbi and United States dollars. However, the directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. Nevertheless, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of shares or other listed securities of the Company or by any of its subsidiaries during the year.

On behalf of the Board of Directors, I would like to express my sincere gratitude to all our customers, shareholders, fellow Board members, senior management and employees for placing their trust in our Company and for the continued support and commitment.

On behalf of the Board

Leung Pui Kwan
Chairman

Hong Kong SAR, 12 July 2010

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise (i) the operations of coal mines and leasing of mining licenses in the People's Republic of China (the "PRC") and (ii) sale of mineral products.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2010 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 24 to 96.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2010.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out below:

RESULTS

	Year ended 31 March				
	2010	2009	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net (loss)/profit from ordinary activities attributable to owners of the Company	**(14,404)**	(69,184)	8,104	9,519	(22,336)

ASSETS, LIABILITIES AND MINORITY INTERESTS

	31 March				
	2010	2009	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TOTAL ASSETS	**346,796**	412,001	584,731	250,588	271,510
TOTAL LIABILITIES	**4,513**	187,430	280,653	86,826	134,988
MINORITY INTERESTS	**74,689**	72,473	103,003	2,951	5,087
	267,594	152,098	201,075	160,811	131,435

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and of the Group during the year are set out in note 17 to the financial statements.

REPORT OF THE DIRECTORS

SHARE CAPITAL, UNLISTED WARRANTS AND SHARE OPTIONS

Details of the Company's share capital, unlisted warrants and share options are set out in notes 29, 30(C) and 37 to the financial statements respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 30 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2010, the Company had no reserves available for cash distribution and/or distribution in specie to shareholders of Company. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus may only be distributed in certain circumstances which the Company is presently unable to meet. In addition, the Company's share premium account with a balance of HK$78,755,000 as at 31 March 2010 may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's four largest customers accounted for 100% and the largest customer accounted for approximately 70% of the Group's total turnover for the year. Purchases from the Group's largest supplier accounted for 100% of the Group's total purchases for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the abovementioned customers or suppliers.

REPORT OF THE DIRECTORS

DIRECTORS

The directors of the Company during the year were:

Executive Directors:
Ms. Leung Pui Kwan *(Chairman)*
Mr. Li Hok Yin *(Chief Executive Officer)* (Appointed on 8 January 2010)
Ms. Cheung Pak Sum (Appointed on 20 April 2010)
Dr. Peter He (Resigned on 19 February 2010)
Mr. Shen Junchen
Mr. Chan Wah Fan (Appointed on 1 April 2009 and resigned on 8 January 2010)
Mr. Ng Tat Leung, George (Resigned on 15 September 2009)
Mr. Wong Teck Ming (Resigned on 15 September 2009)
Mr. Hon Chi Shun (Appointed on 8 January 2010 and resigned on 19 February 2010)
Mr. Lui Siu Yee, Samuel (Resigned on 1 April 2009)

Non-Executive Director:
Ms. Yuen Sau Ying, Christine (Appointed on 1 April 2009 and resigned on 28 June 2010)

Independent Non-Executive Directors:
Mr. Chan Kam Fuk (Appointed on 30 October 2009 and resigned on 20 April 2010)
Dr. Leung Wai Cheung (Resigned on 30 October 2009)
Mr. Hui Wah Tat, Anthony
Mr. Li Kam Chung
Mr. Chui Man Lung, Everett (Appointed on 20 April 2010)
Mr. Wong Lit Chor, Alexis (Resigned on 1 April 2009)

In accordance with the Bye-law 98 of the Company's Bye-laws, Mr. Li Hok Yin, Ms. Cheung Pak Sum and Mr. Chui Man Lung, Everett shall retire from office, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Ms. Leung Pui Kwan, aged 43, is the Chairman and an Executive Director of the Company. She is the Financial Advisor of Tak Lee Metal Manufactory (HK) Co., Ltd. Ms. Leung is also a MPF Consultant. Ms. Leung joined the Group in 2008. She becomes the chairman of the Company on 8 January 2010.

Mr. Li Hok Yin, aged 32, was appointed as the Chief Executive Officer and an Executive Director of the Company on 8 January 2010. He was previously the Investment Manager of Cheever Capital Management (Asia) Ltd, a substantial shareholder (as defined in the Listing Rules) of the Company, from September 2007 to December 2009. He was the Territory Manager of Ecolab Ltd, a company listed on the New York Stock Exchange, from March 2004 to July 2007. During the period from July 2002 to January 2004, Mr. Li served as an Engineer of Concord Precision Metal Parts & Tools Fty., Limited. He also obtained a Bachelor of Engineering degree from The Chinese University of Hong Kong. He has experience in business management, investment research and portfolio management, and in the coal mining industry.

REPORT OF THE DIRECTORS

Mr. Shen Junchen, aged 39, is an Executive Director. Mr. Shen holds a master of business administration degree from Asia International Open University (Macau). He has over 15 years of experience in coal mining industry. Mr. Shen was appointed as an Executive Director of the Company on 1 April 2009.

Ms. Cheung Pak Sum, aged 33, was appointed as an Executive Director of the Company on 20 April 2010. She is the Human Resources and Administration Manager of the Company and a legal representative of a subsidiary of the Company. She is well experienced in the areas of Human Resources and Administration. She was the senior administration officer of Pineview Industries Limited, a listed company on the Stock Exchange, from May 2006 to May 2008.

Independent Non-Executive Directors

Mr. Hui Wah Tat, Anthony, aged 48, is an Independent Non-Executive Director of the Company. He is a member of The Hong Kong Institute of Directors. He is a President of Lions Club of Hong Kong (Mainland), vice-chairman of Hong Kong Hunan Youth Exchange Promotion Association Limited and a consultant of City Junior Chamber. Mr. Hui is also an executive committee member of Hunan Province Youth Federation (湖南省青年聯合會), Chinese People's Political Consultative Conference Guangxi Fang Cheng Gang City Committee (廣西省防城港市政協) and Vice President of Guangxi Fang Cheng Gang City Overseas Friendship Association (廣西省防城港市海外聯誼會副會長). Mr. Hui was appointed as an Independent Non-Executive Director of the Company on 7 March 2008.

Mr. Li Kam Chung, aged 58, is an Independent Non-Executive Director. Mr. Li has over 10 years experience in trading businesses between Mainland, China and Hong Kong. Mr. Li is currently the vice chairman of Tai Po Shuen Wan Joint Villages Office Association and a member of Tai Po District Council Environment, Housing and Works Committee. Mr. Li was appointed as an Independent Non-Executive Director of the Company on 1 April 2009.

Mr. Chui Man Lung, Everett, aged 46, is an Independent Non-Executive Director. Mr. Chui is a Fellow Member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is a Member of the Institute of Chartered Accountants in England and Wales. He is currently the director and shareholder of Cen-1 Partners Limited, an independent consultancy company specializing in financial engineering and corporate structuring. Mr. Chui was the financial controller and company secretary of Yau Lee Holdings Limited, a listed company on The Stock Exchange of Hong Kong Limited, from February 1995 to May 2008. He is well experienced in the areas of finance, audit and accounting. He holds a Bachelor of Social Sciences in Business Economics & Accounting awarded by the University of Southampton in the United Kingdom. Mr. Chui was appointed as an Independent Non-Executive Director of the Company on 20 April 2010.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARE CAPITAL

At 31 March 2010, the interests and short positions of the directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to (the Model Code for Securities Transactions by Directors of Listed Issues,) were as follows:

Long positions in shares and underlying shares of the Company

	Number of ordinary shares				
Name of Directors	**Personal interests**	**Corporate interests**	**Number of underlying shares held under share options**	**Total**	**Percentage of the issued share capital of the Company**
Li Hok Yin	—	—	16,192,400	16,192,400	0.99%
Yuen Sau Ying, Christine *(note 1)*	—	—	16,192,400	16,192,400	0.99%

Note:

(1) Resigned on 28 June 2010.

Save as disclosed herein, neither the directors nor any of their associates had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2010 as defined in Section 352 of the SFO.

REPORT OF THE DIRECTORS

SHARE OPTION

Particulars of the Company's share option scheme are set out in note 37 to the consolidated financial statements.

The following table discloses movements in the Company's share options during the year ended 31 March 2010:

Name of participants	Date of share option granted	Outstanding at beginning of the year	Granted during the year	Exercised during the year	Cancelled / Lapsed during the year	Outstanding at end of the year	Subscription price HK$	Exercise period
Directors								
Li Hok Yin	02.03.2010	—	16,192,400	—	—	16,192,400	0.1846	02.03.2010–02.03.2012
Yuen Sau Ying, Christine *(note 1)*	02.03.2010	—	16,192,400	—	—	16,192,400	0.1846	02.03.2010–02.03.2012
Total for directors		—	32,384,800	—	—	32,384,800		
Employees	02.03.2010	—	64,769,600	16,192,400	—	48,577,200	0.1846	02.03.2010–02.03.2012
Total for employees		—	64,769,600	16,192,400	—	48,577,200		
							Percentage to total Company's shares in issue at end of the period	
Total under Option Scheme		—	97,154,400	16,192,400	—	80,962,000	4.95%	

Note:

(1) Resigned on 28 June 2010.

UNLISTED WARRANTS

The following table discloses movements in the Company's unlisted warrants issued to the subscribers during the year ended 31 March 2010:

Date of warrant issued	Outstanding at beginning of the year	Granted during the year	Exercised during the year	Outstanding at end of the year	Subscription price HK$	Exercise period	Percentage to total Company's shares in issue at end of the period
10.03.2010	—	323,848,000	—	323,848,000	0.160	10.03.2010–09.03.2015	19.80%

The closing price of the Company's share immediately before 10 March 2010, the date of issue, was HK$0.315.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

At 31 March 2010, the following Shareholders were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

(1) Long positions in ordinary shares and underlying shares of the Company

Name of shareholders	Number of ordinary shares held	Underlying shares of equity derivatives (i.e. warrant)	Total interest	Percentage of issued ordinary shares as at 31 March 2010
Orient Best Holdings Limited *(note 1)*	—	323,848,000	323,848,000	19.80%
Newly Rich International Overseas Limited *(note 2)*	163,800,000	—	163,800,000	10.02%
Galaxy Asset Management (H.K.) Limited *(note 3)*	128,240,000	—	128,240,000	7.84%
Cheever Capital Management (Asia) Limited *(note 4)*	128,000,000	—	128,000,000	7.83%

Notes:

(1) 323,848,000 shares were unexercised unlisted warrants as at year end 31 March 2010. The entire share capital of Orient Best Holdings Limited is owned by Mr. Chau Shing Yim, David.

(2) Newly Rich International Overseas Limited is wholly-owned by Cheever Asian Growth Fund Limited which in turn is wholly-owned by Cheung Siu Chung. Hence, Cheung Siu Chung is deemed to be interested in the Shares held by Newly Rich International Overseas Limited for the purpose of SFO.

(3) Of these 128,240,000 Shares, 50,380,000 Shares are indirectly held by Galaxy Asset Management (H.K.) Limited ("Galaxy (H.K.)") through Galaxy China Opportunities Fund, 64,860,000 Shares are indirectly held by Galaxy (H.K.) through Galaxy China Deep Value Fund, 13,000,000 Shares are indirectly held by Galaxy (H.K.) through Galaxy China Special Situations Fund SPC. Galaxy (H.K.) is deemed to be interested by virtue that Galaxy China Opportunities Fund, Galaxy China Deep Value Fund and Galaxy China Special Situations Fund SPC are wholly owned by Galaxy (H.K.) for the purpose of SFO. Deutsche Bank Aktiengesellschaft has given notification in respect of its security interest in 113,240,000 Shares held by Galaxy (H.K.).

(4) Cheever Capital Management (Asia) Limited is wholly-owned by Cheung Siu Chung. Hence, Cheung Siu Chung is deemed to be interested in the Shares held by Cheever Capital Management (Asia) Limited for the purpose of SFO.

(2) Short positions in shares and underlying shares

There were no short positions in the shares and underlying shares of the Company and its associated corporations, which were recorded in the register as required to be kept under Section 336 of Part XV of the SFO.

Save as disclosed herein, as at 31 March 2010, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in share capital" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 March 2010, except for the deviation from provision A.2.1 of the Code in respect of the roles of chairman and chief executive officer of the Company. Corporate Governance Report is set out in pages 15 to 21 of this annual report.

The Company has established an Audit Committee ("AC") with specific terms of reference explaining its role and authorities delegated by the Board. The AC consists of three Independent Non-Executive Directors, Mr. Chui Man Lung, Everett, Mr. Hui Wah Tat, Anthony and Mr. Li Kam Chung, who together have sufficient accounting and financial management expertise and business experience to discharge their duties and none of them is a former partner of the external auditors of the Company. Mr. Chui Man Lung, Everett is the Chairman of the AC.

The AC's principal duties include reviewing the Group's financial controls, internal control and risk management systems, reviewing and monitoring integrity of financial statements and reviewing annual and interim financial statements and reports before submission to the Board. During the year, the AC has reviewed the annual and interim results of the Company for the year ended 31 March 2010 and was content that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in note 41 to the financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

REPORT OF THE DIRECTORS

INDEPENDENT AUDITORS

The financial statements have been audited by HLB Hodgson Impey Cheng who retire and, being eligible, offer themselves for re-appointment.

A resolution for the reappointment of HLB Hodgson Impey Cheng as independent auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Leung Pui Kwan
Chairman

Hong Kong
12 July 2010

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Wing Hing International (Holdings) Limited (the "Company") considers that good corporate governance of the Company can protect and safeguard the interests of the shareholders and to enhance the performance of the Company. The Board is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the year ended 31 March 2010. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

CORPORATE GOVERNANCE PRACTICES

The Board assumes overall responsibilities for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its business by directing and supervising the Company's affairs. The Board focuses on overall corporate strategies and policies with attention particularly paid to the financial performance of the Company.

To maximise the effectiveness of the Board, the Company has established audit committee, nomination committee and remuneration committee with specific written terms of reference respectively to assist in the execution of their duties. The terms of reference of each of the committees are reviewed and amended (if necessary) from time to time to enhance the corporate governance practices of the Company.

There is a clear division of the responsibilities of the Board and the management. The Board delegated its responsibilities to directors and senior management to deal with day-to-day operations and review those arrangements on a periodic basis. Management has to report back to the Board and obtain prior approval before making decisions for key matters or entering into any commitments on behalf of the Company. The Board has a balance of skill and experience appropriate for the requirements of the business of the Company.

The Board regularly meets in person to discuss and formulate overall strategic direction and objectives and also approve annual and interim results as well as other significant matters of the Company. Execution of daily operational matters is delegated to management.

The Company Secretary assists the Chairman in preparing notice and agenda for the meetings, and ensures that the Company complied with the corporate governance practices and other compliance matters. At least 14 days notice of all board meetings were given to all directors, who were all given an opportunity to include matters in the agenda for discussion.

All directors have access to the Company Secretary who is responsible for the Company's compliance with the continuing obligations of the Listing Rules, Code on Takeover and Mergers and Share Repurchases, Companies Ordinance, Securities and Futures Ordinance and other applicable laws, rules and regulations etc.

Minutes of the board / committee meetings are recorded in significant detail for any decision and recommendation made during the meetings. Draft and final versions of minutes are circulated to directors or committee members within a reasonable time after the meetings are held and taken as the true records of the proceedings of such meetings. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any director. All directors are entitled to have access to board papers and related materials unless there are legal or regulatory restrictions on disclosure due to regulatory requirements.

CORPORATE GOVERNANCE REPORT

If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by way of a board / committee meeting and the interested shareholder or director shall not vote nor shall he / she be counted in the quorum present at the relevant meeting. Non-executive Director and Independent Non-executive Director who, and whose associates, have no material interest in the transaction, should be present at such a board meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has established written guidelines for the required standard of dealings in securities (the "Written Guideline") by directors of the Company. Having made specific enquiries of directors of the Company, the Board is pleased to confirm that they have fully complied with the required standard with respect to the securities dealings of the Company and there was no event of non-compliance. The Written Guideline also applies to other specified senior management of the Company.

BOARD OF DIRECTORS

The Board currently comprises seven members as follows:

Executive Directors:
Ms. Leung Pui Kwan *(Chairman)*
Mr. Shen Junchen
Mr. Li Hok Yin *(Chief Executive Officer) (Note 4)*
Ms. Cheung Pak Sum *(Note 9)*

Independent Non-Executive Directors:
Mr. Hui Wah Tat, Anthony
Mr. Li Kam Chung
Mr. Chui Man Lung, Everett *(Note 9)*

The principal focus of the Board is on the overall strategic development of the Company. The Board also monitors the financial performance and the internal controls of the Company's business operations.

With a wide range of expertise and a balance of skills, the Independent Non-executive Directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee work.

The Independent Non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each Independent Non-executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each Independent Non-executive Director an annual confirmation regarding his independence, and the Board considered their independence to the Company. The Independent Non-executive Directors are explicitly identified in all corporate communications of the Company.

There is no relationship between members of the Board.

CORPORATE GOVERNANCE REPORT

The Board held 22 meetings during the financial year ended 31 March 2010. Details of attendance of individual director at board meetings are set out as below:

	Number of meetings held	Number of meetings attended
Name of Directors		
Executive Directors		
Mr. Ng Tat Leung, George *(Note 1)*	6	4
Mr. Wong Teck Ming *(Note 1)*	6	5
Ms. Leung Pui Kwan	22	22
Dr. Peter He *(Note 2)*	20	12
Mr. Shen Junchen	22	1
Mr. Chan Wah Fan *(Note 3)*	16	3
Mr. Li Hok Yin *(Note 4)*	6	6
Mr. Hon Chi Shun *(Note 5)*	4	0
Non-executive Director		
Ms. Yuen Sau Ying Christine *(Note 6)*	22	7
Independent Non-executive Directors		
Dr. Leung Wai Cheung *(Note 7)*	8	4
Mr. Hui Wah Tat, Anthony	22	13
Mr. Li Kam Chung	22	16
Mr. Chan Kam Fuk *(Note 8)*	13	5

Notes:

(1) Resigned on 15 September 2009

(2) Resigned on 19 February 2010

(3) Resigned on 8 January 2010

(4) Appointed 8 January 2010

(5) Appointed on 8 January 2010 and resigned on 19 February 2010

(6) Resigned on 28 June 2010

(7) Resigned on 30 October 2009

(8) Appointed on 30 October 2009 and resigned on 20 April 2010

(9) Appointed on 20 April 2010

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As at the date of this report, Ms. Leung Pui Kwan is the Chairman of the Board and Mr. Li Hok Yin is the Chief Executive Officer ("CEO") of the Company.

The Chairman of the Board is responsible for overseeing strategic planning and leadership of the Company and exercising control over the quality, quantity and timeliness of the flow of information between the management of the Company and the Board that would allow them to effectively discharge their responsibilities. The CEO is responsible for the strategic development and maintaining the Company's relationship with outside companies of the Company as well as coordinating the Company's business and to market and locate potential business opportunities and execute the policy of the Company.

The Chairman ensures that the entire Board members are properly briefed on issues at the Board meetings and receive adequate and reliable information on a timely basis. The Board considers that the Chairman is capable to guide discussions and brief the Board in a timely manner on pertinent issues with balance of power and authority delegated to the Board and senior management.

REMUNERATION OF DIRECTORS

The Company has established a Remuneration Committee ("RC") with specific terms of reference which deal clearly with its authorities and duties. The majority of RC members are Independent Non-executive Directors which consists of Mr. Li Kam Chung, and Hui Wah Tat, Anthony are Independent Non-executive Directors; and Mr. Li Hok Yin who is Executive Director of the Company. Mr. Li Kam Chung is the Chairman of the RC.

The RC advises the Board on the Company's overall policy and structure for the remuneration of directors and senior management, determine the remuneration packages of all directors and senior management, review and approve their performance-based remuneration, review and approving compensation to directors and senior management in connection with any loss or termination of their office or appointment. The RC also ensures that no director or any of his associate is involved in deciding his own remuneration.

In determining the emolument payable to directors, the RC takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment and market conditions.

The RC is also authorized to investigate any matter within its terms of reference and seek any information it requires from any employee and obtain outside legal or other independent professional advice at the cost of the Company if necessary.

1 RC meeting has been held during the financial year ended 31 March 2010 to review the remuneration packages of directors and senior management, which are nominal by market standards and the Company's performance. The Board considered that the existing remuneration packages to each director and senior management are reasonable and appropriate with reference to the financial performance of the Company, employment and market conditions as a whole.

CORPORATE GOVERNANCE REPORT

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Company has established a Nomination Committee ("NC") with specific terms of reference which deal clearly with its authorities and duties. All NC members are Independent Non-executive Directors which consists of Mr. Hui Wah Tat, Anthony, Mr. Li Kam Chung and Mr. Chui Man Lung, Everett. Mr. Hui Wah Tat, Anthony is the Chairman of the NC.

The NC is responsible for the appointment of its own members, identifying appropriate candidate and recommending qualified candidate to the Board for consideration. The Board will review profiles of the candidates recommended by the NC and make appointment if appropriate. Candidates are appointed to the Board on the basis of their integrity, independent mindedness, experience, skill and the ability to commit time and effort to carry out his duties and responsibilities effectively.

The NC also assesses the independence of Independent Non-executive Directors and marking recommendations to the Board on such appointments or re-election.

All directors are also subject to re-election by shareholders at the annual general meeting pursuant to the Bye-laws of the Company.

1 NC meeting has been held during the financial year ended 31 March 2010 to make recommendations to the Board regarding the Board appointment. In accordance with the Company's Articles of Association, one-third of the directors who have been longest in office since their last election or re-election are subject to retirement by rotation. All retiring directors are eligible for re-election.

AUDIT COMMITTEE

The Company has established an Audit Committee ("AC") with specific terms of reference explaining its role and authorities delegated by the Board. The AC consists of three Independent Non-executive Directors, Mr. Chui Man Lung, Everett, Mr. Hui Wah Tat, Anthony and Mr. Li Kam Chung, who together have sufficient accounting and financial management expertise and business experience to discharge their duties and none of them is a former partner of the external auditors of the Company. Mr. Chui Man Lung, Everett is the Chairman of the AC.

The AC's principal duties include reviewing the Group's financial controls, internal control and risk management systems, reviewing and monitoring integrity of financial statements and reviewing annual and interim financial statements and reports before submission to the Board and considering and recommending the appointment, re-appointment and removal of external auditors of the Company.

The AC meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly. The Audit Committee is authorized to take independent professional advice at Company's expense, if necessary.

The AC meets regularly to review the financial results and other information to shareholders, the system of internal control and risk management. The AC also provides an important link between the Board and the Company's auditors in matters within the scope of its terms of reference and keeps under review the independence of auditors. During the year, the AC has reviewed the annual and interim results of the Company for the year ended 31 March 2010 and was content that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong.

CORPORATE GOVERNANCE REPORT

The financial statements of the Company for the year have been audited by HLB Hodgson Impey Cheng ("HLB"). During the year, remuneration of approximately HK$1,100,000 was charged by HLB for provision of audit services. In addition, approximately HK$756,000 was charged by HLB for other non-audit services. The non-audit services mainly consisted of consultancy services during the year.

During the financial year ended 31 March 2010, 2 AC meetings were held and the individual attendance of each member is set out below:

	Number of meetings held	Number of meetings attended
Name of Directors		
Dr. Leung Wai Cheung *(Note 1)*	2	1
Mr. Hui Wah Tat, Anthony	2	2
Mr. Chan Kam Fuk *(Note 2)*	2	1
Mr. Li Kam Chung	2	1

Notes:

(1) Resigned on 30 October 2009

(2) Appointed on 30 October 2009 and resigned on 20 April 2010

ACCOUNTABILITY AND AUDIT

The directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31 March 2010, the directors have selected suitable accounting policies and applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, made adjustments and estimates that are prudent and reasonable, and have prepared the financial statements on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective internal controls system to protect and safeguard the interest of shareholders and assets of the Company. The controls are to provide reasonable assurance (but not absolute guarantee) that assets are adequately safeguard, operational controls are in place, business risks are suitably protected and proper accounting records are maintained.

The Board reviews the internal control system of the Group annually and will take any necessary and appropriate action to maintain adequate internal control system to protect and safeguard the interest of shareholders and assets of the Company. The effectiveness of the internal control system was discussed on an annual basis with the Audit Committee.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

The Company maintains a high level of transparency in communicating with shareholders and is committed to continue to maintain an open and effective investor communication policy and to update investors on relevant information in a timely manner, subject to relevant regulatory requirements. In order to ensure effective, clear and accurate communications with the shareholders, all corporate communications are arranged and handled by executive directors and designated persons.

The Company aims to provide its shareholders with high standards of disclosure and financial transparency through the publication of annual and interim reports, press announcements and circulars made through Stock Exchange's websites. The Company has announced its annual results and interim results in a timely manner during the year under review. Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors. In addition, procedures for demanding a poll are included in the circular to shareholders as required under the Listing Rules.

The Board also maintains an on-going dialogue with shareholders and use general meeting to communicate with shareholders. The Company encourages all shareholders to attend general meeting which provides a useful forum for shareholders to exchange views with the Board. The Chairman of the Board and members of relevant committees and senior management of the Company are also available to answer the shareholders' questions.

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

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

TO THE SHAREHOLDERS OF
WING HING INTERNATIONAL (HOLDINGS) LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Wing Hing International (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 96, which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

INDEPENDENT AUDITORS' REPORT

OPINION

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

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 12 July 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000 (restated)
Continuing operations			
Revenue	5	**26,270**	2,624
Cost of sales		**(19,149)**	(1,407)
Gross profit		**7,121**	1,217
Other income	7	**1**	2,208
Other gains and losses	8	**(76)**	8,917
Administrative and operating expenses		**(16,743)**	(18,051)
Share of profits of associates		**—**	156
Share of profits of jointly-control entities		**—**	427
Finance costs	9	**(568)**	(21,991)
Loss before tax		**(10,265)**	(27,117)
Income tax expenses	10	**(1,901)**	(591)
Loss for the year from continuing operations	12	**(12,166)**	(27,708)
Discontinued operations			
Loss for the year from discontinued operations	11	**(22)**	(45,961)
Loss for the year		**(12,188)**	(73,669)
Other comprehensive income			
Exchange differences on translating foreign operations		**—**	12,651
Gain arising on revaluation of property, plant and equipment		**—**	2,796
Total comprehensive income for the year		**(12,188)**	(58,222)
Loss attributable to:			
Owners of the Company		**(14,404)**	(69,184)
Minority interests		**2,216**	(4,485)
		(12,188)	(73,669)
Total comprehensive income attributable to:			
Owners of the Company		**(14,404)**	(59,087)
Minority interests		**2,216**	865
		(12,188)	(58,222)
Loss per share	15		
From continuing and discontinued operations			
Basic and diluted (HK cents per share)		**1.17**	8.14
From continuing operations			
Basic and diluted (HK cents per share)		**1.17**	2.73

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Non-current assets			
Property, plant and equipment	17	**2,545**	6,481
Mining rights	18	**241,530**	242,906
Goodwill	19	**—**	—
Interests in associates	21	**—**	2,804
Interests in jointly-controlled entities	22	**—**	(12,540)
Contract retention receivables	25	**—**	11,417
Deferred tax assets	23	**—**	—
		244,075	251,068
Current assets			
Loan receivable	24	**—**	1,000
Trade and other receivables	25	**56,814**	113,489
Pledged bank deposits	26, 39	**—**	24,362
Cash and bank balances	26	**45,907**	22,082
		102,721	160,933
Current liabilities			
Trade and other payables	27	**2,021**	165,575
Current tax liabilities		**2,492**	591
		4,513	166,166
Net current assets / (liabilities)		**98,208**	(5,233)
Total assets less current liabilities		**342,283**	245,835

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Capital and reserves			
Share capital	29	16,354	89,860
Reserves		251,240	62,238
Equity attributable to owners of the Company		267,594	152,098
Minority interests		74,689	72,473
Total equity		342,283	224,571
Non-current liabilities			
Deferred tax liabilities	23	—	997
Promissory note	28	—	20,267
		—	21,264
		342,283	245,835

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 12 July 2010 and were signed on its behalf by:

Ms. Leung Pui Kwan
Director

Mr. Li Hok Yin
Director

STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	17	—	162
Interests in subsidiaries	20	141,878	157,012
		141,878	157,174
Current assets			
Amounts due from subsidiaries	20	75,282	15,061
Amounts due from associates		—	900
Other receivables		9,114	378
Cash and bank balances		12,602	5,631
		96,998	21,970
Current liabilities			
Amounts due to subsidiaries	20	—	5,917
Other payables and accruals		1,160	862
		1,160	6,779
Net current assets		95,838	15,191
Total assets less current liabilities		237,716	172,365
Capital and reserves			
Share capital	29	16,354	89,860
Reserves	30	221,362	62,238
Total equity		237,716	152,098
Non-current liabilities			
Promissory note	28	—	20,267
		237,716	172,365

Ms. Leung Pui Kwan
Director

Mr. Li Hok Yin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Contributed surplus *HK$'000*	Assets revaluation reserve *HK$'000*	Warrant reserve *HK$'000*	Translation reserve *HK$'000*	Retained profits / (Accumulated loss) *HK$'000*	Attributable to owners of the Company *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
Balance at 1 April 2008	69,000	50,044	—	1,781	17,474	1,000	—	61,776	201,075	103,003	304,078
Loss for the year	—	—	—	—	—	—	—	(69,184)	(69,184)	(4,485)	(73,669)
Gain on fair value changes of property, plant and equipment	—	—	—	—	3,176	—	—	—	3,176	—	3,176
Deferred tax *(note 23)*	—	—	—	—	(380)	—	—	—	(380)	—	(380)
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	7,301	—	7,301	5,350	12,651
Other comprehensive income for the year	—	—	—	—	2,796	—	7,301	—	10,097	5,350	15,447
Total comprehensive income for the year	—	—	—	—	2,796	—	7,301	(69,184)	(59,087)	865	(58,222)
Issue of ordinary shares under a placing agreement *(note 29 (d))*	10,860	4,670	—	—	—	—	—	—	15,530	—	15,530
Transaction costs attributable to issue of new ordinary shares	—	(388)	—	—	—	—	—	—	(388)	—	(388)
Acquisition of assets through acquisition of subsidiaries *(note 33)*	—	—	—	—	—	—	—	—	—	74,945	74,945
Shares issued on acquisition of assets through acquisition of subsidiaries *(note 29 (e) and 33)*	10,000	—	(800)	—	—	—	—	—	9,200	—	9,200
Release upon expiry of warrant *(note 30(b))*	—	—	—	—	—	(1,000)	—	1,000	—	—	—
Release upon disposal of property, plant and equipment	—	—	—	—	(5)	—	—	5	—	—	—
Release upon disposal of subsidiaries *(note 34)*	—	—	—	49,781	(6,931)	—	(7,301)	(49,781)	(14,232)	(106,340)	(120,572)
Balance at 31 March 2009	89,860	54,326	(800)	51,562	13,334	—	—	(56,184)	152,098	72,473	224,571

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Contributed surplus *HK$'000*	Assets revaluation reserve *HK$'000*	Warrant reserve *HK$'000*	Share option reserve *HK$'000*	Retained profits / (Accumulated loss) *HK$'000*	Attributable to owners of the Company *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
Balance at 1 April 2009	89,860	54,326	(800)	51,562	13,334	—	—	(56,184)	152,098	72,473	224,571
(Loss) / Profit for the year	—	—	—	—	—	—	—	(14,404)	(14,404)	2,216	(12,188)
Total comprehensive income for the year	—	—	—	—	—	—	—	(14,404)	(14,404)	2,216	(12,188)
Issue of ordinary shares *(note 29 (f) and (g))*	25,800	15,708	—	—	—	—	—	—	41,508	—	41,508
Transaction costs attributable to issue of new ordinary shares	—	(260)	—	—	—	—	—	—	(260)	—	(260)
Capital Reorganization *(note 29 (b))*	(104,094)	(69,774)	—	96,266	—	—	—	77,602	—	—	—
Recognition of equity-settled share-based payment	—	—	—	—	—	—	5,742	—	5,742	—	5,742
Issue of ordinary shares under Open Offer *(note 29 (h))*	4,626	78,649	—	—	—	—	—	—	83,275	—	83,275
Transaction costs attributable to Open Offer	—	(3,678)	—	—	—	—	—	—	(3,678)	—	(3,678)
Issue of ordinary shares under share option scheme *(note 29 (i))*	162	3,784	—	—	—	—	(957)	—	2,989	—	2,989
Issue of warrants *(note 30 (c))*	—	—	—	—	—	324	—	—	324	—	324
Release upon disposal of property, plant and equipment	—	—	—	—	(644)	—	—	644	—	—	—
Release upon disposal of subsidiaries	—	—	—	—	(12,690)	—	—	12,690	—	—	—
Balance at 31 March 2010	16,354	78,755	(800)	147,828	—	324	4,785	20,348	267,594	74,689	342,283

The contributed surplus of the Group represents reserves arising from (i) the difference between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the group reorganization completed on 2 October 1995 over the nominal value of the share capital of the Company issued in exchange therefor; and (ii) the Capital Reorganization during the year ended 31 March 2010.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Operating activities			
Loss for the year		**(12,188)**	(73,669)
Adjustments for:			
Amortization of prepaid lease payments		**1**	4,474
Amortization of mining rights		**1,376**	1,407
Expense recognized in respect of equity-settled share-based payments		**5,742**	—
Depreciation for property, plant and equipment		**3,062**	3,816
Loss / (Gain) on disposal of subsidiaries		**2,051**	(14,654)
Gain on fair value changes of property, plant and equipment		**—**	(5)
Impairment losses recognized in respect of mining rights		**—**	5,737
Impairment losses recognized in respect of trade receivables		**—**	2,858
Impairment losses reversed in respect of trade receivables		**—**	(4,614)
Interest income		**(1)**	(4,429)
Loss on disposal of property, plant and equipment		**231**	8
Bad debts recovered		**—**	(66)
Share of profits of associates		**—**	(2,960)
Share of losses of jointly-controlled entities		**—**	31,423
Finance costs		**568**	22,048
Income tax expenses		**1,901**	315
Operating cash flows before movements in working capital		**2,743**	(28,311)
Trade receivables		**18,191**	(7,034)
Balances with jointly-controlled entities		**(4,523)**	11,081
Balances with associates		**1,927**	(17,410)
Balances with related companies		**681**	(681)
Balances with minority shareholders		**(6)**	831
Loan receivable		**1,000**	—
Prepayments, deposits and other receivables		**(19,218)**	(39,453)
Trade payables		**(19,960)**	46,054
Other payables and accruals		**(551)**	1,726
Cash used in operations		**(19,716)**	(33,197)
Interest paid		**(568)**	(61)
Net cash used in operating activities		**(20,284)**	(33,258)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Investing activities			
Interest received		1	988
Dividends received from an associate		—	17,500
Purchase of property, plant and equipment		(2,668)	(1,254)
Acquisition of subsidiaries		—	(30,000)
Acquisition of assets through acquisition of subsidiaries		—	(145,615)
Deposits paid for acquisition of subsidiaries		(33,000)	—
Disposal of subsidiaries	34	(48,479)	45,305
Proceeds from repayment of promissory note receivable		—	121,000
Amounts advanced to a jointly-controlled entity		—	(23,749)
Amounts advanced to an investee entity		—	(96)
Proceeds from disposal of property, plant and equipment		2	2
Decrease / (Increase) in pledged bank deposits		24,362	(2,502)
Net cash used in investing activities		(59,782)	(18,421)
Financing activities			
Proceeds from issue of ordinary shares		41,508	15,530
Share issue expenses		(260)	(388)
Proceeds from issue of ordinary shares under open offer		83,275	—
Open offer expenses		(3,678)	—
Proceeds from new trust receipt loans		—	22,311
Repayment of trust receipt loans		—	(22,311)
Repayment of promissory note		(20,267)	—
Proceeds from exercise of options		2,989	—
Proceeds from issue of warrants		324	—
Net cash generated by financing activities		103,891	15,142
Net increase / (decrease) in cash and cash equivalents		23,825	(36,537)
Cash and cash equivalents at the beginning of the financial year		22,082	58,619
Cash and cash equivalents at the end of the financial year		45,907	22,082
Analysis of balances of cash and cash equivalents			
Cash and bank balances		45,907	22,082

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

1. GENERAL

Wing Hing International (Holdings) Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The Company's principal place of business in Hong Kong is situated at Unit 1901, 19th Floor, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company is an investment holding company. The activities of its principal subsidiaries at 31 March 2010 are set out in Note 20.

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

In the current year, the Group and the Company have applied the following new and revised Hong Kong Accounting Standards ("HKAS"), amendments and Hong Kong (IFRIC) Interpretations ("HK (IFRIC) — Int") ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

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

The adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group and the financial position of the Company for the current or prior accounting periods except for the impact as described below.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised) Presentation of Financial Statements

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

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. The application of the HKFRS 8 has not resulted in a redesignation of the Group's reportable segments (see Note 6). In addition, there are no changes in the basis of measurement of segment revenue, segment profit or loss, segment assets and segment liabilities.

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 "Financial Instruments: Disclosures")

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

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

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

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

Notes:

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

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

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

Basis of consolidation

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

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

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

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

Minority interests in subsidiaries are presented separately from the equity of the owners of the Company.

Losses applicable to the minority interests in excess of the minority interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority interests have a binding obligation and are able to make an additional investment to cover the losses.

Increases in interests in existing subsidiaries are treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognized where appropriate. For decreases in interests in subsidiaries regardless of whether the disposals will result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of is recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Business combinations

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

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The minority interest in the acquiree is initially measured at the minority interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Contingent consideration is recognized, if and only if, the contingent consideration is probable and can be measured reliably. Subsequent adjustments to contingent consideration are recognized against goodwill.

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

Goodwill

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

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

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

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less identified impairment loss. Income from investments in subsidiaries is accounted for on the basis of dividends received and receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognized in the consolidated statement of financial position at cost and adjusted thereafter for the post-acquisition changes in the Group's share of net assets of the associates, less any impairment in the value of individual investments. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are provided only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the associate. Any reversal of impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Jointly-controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities

The results and assets and liabilities of jointly-controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly-controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly-controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly-controlled entity equals or exceeds its interest in that jointly-controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly-controlled entity), the Group discontinues recognizing its share of further losses. An additional share of losses is provided for and a liability is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly-controlled entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Jointly-controlled entities *(continued)*

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly-controlled entity recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

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

When a group entity transacts with a jointly-controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly-controlled entity.

Revenue recognition

Revenue from construction contracts is recognized in accordance with the Group's accounting policy on construction contracts (see below).

Revenue for sales of goods is recognized when the goods are delivered and title has passed.

Revenue from leasing of mining licenses is recognized on a straight-line basis over the terms of the leasing agreements.

Service income is recognized when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed to customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Construction contracts *(continued)*

Where contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Leasing

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

The Group as lessor

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

The Group as lessee

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

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

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

Foreign currencies

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Foreign currencies *(continued)*

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognized in other comprehensive income in the consolidated financial statements and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are recognized directly in other comprehensive income.

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

On disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognized in the foreign currency translation reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation before 1 January 2005 are treated as non-monetary foreign currency items of the acquirer and reporting using historical cost prevailing at the date of acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement benefit costs

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

Share-based payment transaction

Share options granted to employees in an equity-settled share-based payment transaction

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve). At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

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

At the time when the share options are exercised, the amount previously recognized in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share options reserve will be transferred to retained earnings.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Taxation *(continued)*

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case, the deferred tax is also recognized in other comprehensive income or directly in equity respectively.

Property, plant and equipment

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

Depreciation is recognized so as to write off the cost or fair value of assets less their residual values over their useful lives, using the straight-line method.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Mining rights

Mining rights are stated at cost less accumulated amortization and impairment losses. The mining rights are amortized using the unit-of-production method based on the total proven and probable mineral reserves, which are reviewed at least at the end of each reporting period.

Impairment losses on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is indication that they may be impaired.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Provisions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, available-for-sale (AFS) financial assets and loans and receivables. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Income is recognized on an effective interest basis for debt instruments other than financial assets classified as at FVTPL, of which interest income is included in net gains and losses.

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at FVTPL (continued)

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

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

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

Held-to-maturity investments

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

AFS financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Financial assets *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including loan receivable, trade and other receivables, pledged bank deposits, and cash and bank balances) are measured at amortized cost using the effective interest method, less any impairment (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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

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

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognized on an effective interest basis.

Other financial liabilities

Other financial liabilities (including trade and other payables and promissory note) are subsequently measured at amortized cost using the effective interest method.

Equity instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when a financial asset is transferred, the Group has transferred substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

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

Related parties

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

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

(b) the party is an associate;

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Impairment of mining rights

The Group assesses whether there are any indicators of impairment for mining rights at each reporting date. Mining rights are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows.

Impairment loss of trade and other receivables

The Group's policy for doubtful receivables is based on the on-going evaluation of the collectability and aging analysis of the trade and other receivables and on management's judgments. Considerable judgment is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history of each debtor, and the present values of the estimated future cash flows discounted at the effective interest rates. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss of trade and other receivables may be required.

Expected useful lives of mining rights and mineral reserves

The Group's management has determined the estimated useful lives of its mining rights based on the proven and probable mineral reserves. The directors of the Company are of the opinion that the Group will be able to continuously renew the mining rights and the business licenses of respective mining subsidiary at minimal charges. Accordingly, the Group has used the proven and probable mineral reserves as a basis for estimation of the useful lives of its mining rights.

Amortization rate is determined based on estimated proven and probable mineral reserve quantities with reference to the independent technical assessment report. The capitalized costs of the mining rights are amortized using the unit-of-production method. Any change to the estimated proven and probable mineral reserves will affect the amortization charge of the mining rights.

Proven and probable mineral reserve estimates are updated at regular basis taking into account production and technical information about the mines. In addition, as prices and cost levels change from year to year, the estimate of proven and probable mineral reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in relation to amortization rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

Fair value of share options

The fair value of share options based on the valuation performed by an independent qualified professional valuer is estimated for equity-settled share-based payment transactions. The fair value has been determined based on the market value basis which involves, *inter alia*, certain estimates, including appropriate capitalization rates and reversionary income potential. In relying on the valuation, management has exercised their judgment and is satisfied that the method of valuation is reflective of the current market conditions.

5. REVENUE

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

	2010	2009
	HK$'000	*HK$'000*
Revenue from sale of mineral products	**18,398**	—
Revenue from leasing of mining licenses	**7,872**	2,624
	26,270	2,624

6. SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM") for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach. The directors of the Company consider that the adoption of HKFRS 8 has not resulted in a redesignation of the reportable segments for the Group compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the Company's directors, being the CODM of the Group. The measurement policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements.

Four operations, including (i) superstructure construction; (ii) foundation piling, substructure works and slope improvement; (iii) special construction projects; and (iv) interior decoration and landscaping works discontinued in the current year were reported as separate business segments under HKAS 14. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

6. SEGMENT INFORMATION *(CONTINUED)*

Information regarding the Group's reportable segments is presented below.

Segment revenue and results

The Group's sole operating and reportable segment under HKFRS 8 is mining operations, comprising the sale of mineral products and the operation of coal mines and leasing of mining licenses in the People's Republic of China (the "PRC"). Revenue reported in note 5 represents revenue generated from external customers.

The following is reconciliation of segment loss to loss for the year as disclosed in the consolidated statement of comprehensive income:

	2010	2009
	HK$'000	*HK$'000*
Segment loss	**(12,166)**	(42,362)
Loss for the year from discontinued operations	**(22)**	(45,961)
Gain on disposal of subsidiaries	**—**	14,654
Loss for the year	**(12,188)**	(73,669)

Segment loss represents the loss incurred without allocation of loss for the year from discontinued operations and gain on disposal of subsidiaries. This is the measure reported to the management for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

	2010	2009
	HK$'000	*HK$'000*
Segment assets		
Mining operations	**272,183**	245,799
Assets relating to superstructure construction (now discontinued)	**—**	116,839
Assets relating to foundation piling, substructure works and slope improvement (now discontinued)	**—**	9,977
Assets relating to interior decoration and landscaping works (now discontinued)	**—**	17
Interests in associates	**—**	2,804
Interests in jointly-controlled entities	**—**	(12,540)
Unallocated corporate assets	**74,613**	49,105
Consolidated assets	**346,796**	412,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

6. SEGMENT INFORMATION *(CONTINUED)*

Segment assets and liabilities *(continued)*

	2010 **HK$'000**	2009 HK$'000
Segment liabilities		
Mining operations	**854**	727
Liabilities relating to superstructure construction (now discontinued)	**—**	118,648
Liabilities relating to foundation piling, substructure works and slope improvement (now discontinued)	**—**	31,266
Liabilities relating to interior decoration and landscaping works (now discontinued)	**—**	13,776
Unallocated corporate liabilities	**3,659**	23,013
Consolidated liabilities	**4,513**	187,430

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

- all assets are allocated to reportable segments other than interests in associates, interests in jointly-controlled entities and unallocated corporate assets; and

- all liabilities are allocated to reportable segments other than current and deferred tax liabilities.

Other segment information

	Depreciation and amortization		**Addition to non-current assets**	
	2010 **HK$'000**	2009 HK$'000	**2010** **HK$'000**	2009 HK$'000
Mining operations	**1,376**	1,407	**—**	250,050
Unallocated	**429**	4,784	**2,137**	1,254
	1,805	6,191	**2,137**	251,304

Revenue from major products and services

All of the Group's revenue from continuing operations was attributable to its mining operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

6. SEGMENT INFORMATION *(CONTINUED)*

Geographical information

The Group principally operates in Hong Kong and the PRC.

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

	Revenue from external customers		Non-current assets*	
	2010	*2009*	**2010**	*2009*
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**7,872**	2,624	**241,530**	242,906
Hong Kong	**18,398**	—	**2,545**	1,036
	26,270	2,624	**244,075**	243,942

* Non-current assets exclude those relating to superstructure construction, foundation piling, substructure works and slope improvement, special construction projects, interior decoration and landscaping works.

Information about major customers

Revenue from customers of corresponding years contributing over 10% of total revenue of the Group from continuing operations is as follows:

	2010	2009
	HK$'000	*HK$'000*
Customer A	**18,398**	—
Customer B	**4,724**	1,574
Customer C	**—**	525
Customer D	**—**	525
	23,122	2,624

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

7. OTHER INCOME

Continuing operations

	2010 HK$'000	2009 HK$'000
Service fee income	—	89
Interest income on bank deposits	1	117
Effective interest income on promissory note receivable	—	2,002
	1	2,208

8. OTHER GAINS AND LOSSES

Continuing operations

	2010 HK$'000	2009 HK$'000
Loss on disposal of property, plant and equipment	(76)	—
Gain on disposal of subsidiaries	—	14,654
Impairment losses recognized in respect of mining rights	—	(5,737)
	(76)	8,917

9. FINANCE COSTS

Continuing operations

	2010 HK$'000	2009 HK$'000
Effective interest expense on promissory note payable	507	21,987
Others	61	4
	568	21,991

No borrowing costs were capitalized during the year ended 31 March 2010 (2009: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

10. INCOME TAX EXPENSES (RELATING TO CONTINUING OPERATIONS)

	2010	2009
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax	**1,901**	591

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for both years.

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

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

	2010	2009
	HK$'000	*HK$'000*
Loss before tax (from continuing operations)	**(10,265)**	(27,117)
Tax at Hong Kong Profits Tax rate of 16.5% (2009: 16.5%)	**(1,694)**	(4,474)
Tax effect of income not taxable for tax purpose	**(258)**	(2,558)
Tax effect of expenses not deductible for tax purpose	**364**	7,256
Tax effect of tax losses not recognized	**2,843**	—
Utilization of tax losses previously not recognized	**—**	(135)
Effect of different tax rates of group entities operating in jurisdictions other than Hong Kong	**646**	201
Others	**—**	301
Income tax recognized for the year (relating to continuing operations)	**1,901**	591

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

11. DISCONTINUED OPERATIONS

Pursuant to a sale and purchase agreement dated 7 September 2009 entered into between the Company (as vendor) and Mr. Ng Tat Leung, George (a former executive director of the Company) (as purchaser), the Company disposed of the entire issued share capital of Club Ace Holdings Limited and the shareholder's loan to Mr. Ng Tat Leung, George for a total consideration of HK$1,000,000. The disposal constituted a very substantial disposal and a connected transaction on the part of the Company under the Listing Rules, further details of which were set out in the Company's circular dated 28 September 2009. Club Ace Holdings Limited and its subsidiaries, associates and jointly-controlled entities previously carried on all of the Group's construction operations (comprising (i) superstructure construction; (ii) foundation piling, substructure works and slope improvement; (iii) special construction projects; and (iv) interior decoration and landscaping works segments). The disposal was completed on 21 October 2009, on which date control of Club Ace Holdings Limited passed to the purchaser. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 34.

Loss for the year from discontinued operations:

	2010 ***HK$'000***	2009 *HK$'000*
Revenue	**173,093**	497,528
Cost of sales	**(168,081)**	(516,080)
Other income	**5,270**	10,603
Other gains and losses	**(6)**	1,819
Administrative and operating expenses	**(9,774)**	(11,004)
Share of results of associates	**(456)**	2,804
Share of results of jointly-controlled entities	**1,983**	(31,850)
Finance cost	**—**	(57)
Profit / (Loss) before tax	**2,029**	(46,237)
Attributable income tax expense	**—**	276
	2,029	(45,961)
Loss on disposal of discontinued operations *(note 34)*	**(2,051)**	—
Loss for the year from discontinued operations (attributable to owners of the Company)	**(22)**	(45,961)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

11. DISCONTINUED OPERATIONS *(CONTINUED)*

Loss for the year from discontinued operations has been arrived at after charging / (crediting):

	2010	2009
	HK$'000	*HK$'000*
Depreciation for property, plant and equipment	**2,634**	3,506
Less: Amounts capitalized in construction contracts	**(1,583)**	(3,165)
Total depreciation and amortization	**1,051**	341
Auditors' remuneration	**—**	450
Net foreign exchange gains	**(50)**	(1)
Minimum lease payments paid under operating leases during the year:		
Premises	**650**	988
Employee benefits expense (including directors' remuneration):		
Wages and salaries	**21,463**	37,868
Contributions to retirement benefits schemes	**534**	1,038
	21,997	38,906
Less: Amounts capitalized in construction contracts	**(3,709)**	(13,692)
	18,288	25,214
Cost of inventories recognized as an expense	**168,081**	516,080
Share of tax of associates (included in share of results of associates)	**—**	987
Share of tax of a jointly-controlled entity (included in share of results of jointly-controlled entities)	**—**	149

Cash flows from discontinued operations:

	2010	2009
	HK$'000	*HK$'000*
Net cash inflows / (outflows) from operating activities	**6,769**	(3,870)
Net cash inflows / (outflows) from investing activities	**6,119**	(25,681)
	12,888	(29,551)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

12. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

Loss for the year from the continuing operations has been arrived at after charging / (crediting):

	2010	2009
	HK$'000	*HK$'000*
Depreciation for property, plant and equipment	428	310
Amortization of prepaid lease payments	1	4,474
Amortization of mining rights (included in cost of sales)	1,376	1,407
Total depreciation and amortization	1,805	6,191
Auditors' remuneration	1,100	554
Net foreign exchange gains	—	(2)
Minimum lease payments paid under operating leases during the year:		
Premises	976	883
Employee benefits expense (including directors' remuneration):		
Wages and salaries	2,178	7,867
Share-based payments	5,742	—
Contributions to retirement benefits schemes	59	193
	7,979	8,060
Cost of inventories recognized as an expense	17,773	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors were as follows:

For the year ended 31 March 2010

	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Share-based payments *HK$'000*	Contributions to retirement benefits schemes *HK$'000*	Total *HK$'000*
Executive Directors					
Ms. Leung Pui Kwan	—	480	—	12	492
Mr. Shen Junchen (appointed on 1 April 2009)	—	—	—	—	—
Mr. Li Hok Yin (appointed on 8 January 2010)	—	93	957	3	1,053
Mr. Ng Tat Leung, George (resigned on 15 September 2009)	—	718	—	6	724
Mr. Wong Teck Ming (resigned on 15 September 2009)	—	556	—	6	562
Mr. Chan Wah Fan (appointed on 1 April 2009 and resigned on 8 January 2010)	—	270	—	9	279
Mr. Hon Chi Shun (appointed on 8 January 2010 and resigned on 19 February 2010)	—	—	—	—	—
Dr. Peter He (resigned on 19 February 2010)	—	360	—	9	369
Non-Executive Director					
Ms. Yuen Sau Ying, Christine (appointed on 1 April 2009 and resigned on 28 June 2010)	60	—	957	—	1,017
Independent Non-Executive Directors					
Mr. Hui Wah Tat, Anthony	80	—	—	—	80
Mr. Li Kam Chung (appointed on 1 April 2009)	60	—	—	—	60
Mr. Chan Kam Fuk (appointed on 30 October 2009 and resigned on 20 April 2010)	80	—	—	—	80
Dr. Leung Wai Cheung (resigned on 30 October 2009)	58	—	—	—	58
Total	338	2,477	1,914	45	4,774

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

13. DIRECTORS' EMOLUMENTS *(CONTINUED)*

For the year ended 31 March 2009

	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Share-based payments *HK$'000*	Contributions to retirement benefits schemes *HK$'000*	Total *HK$'000*
Executive Directors					
Mr. Ng Tat Leung, George	—	1,671	—	12	1,683
Mr. Wong Teck Ming	—	1,280	—	12	1,292
Mr. Lui Siu Yee, Samuel (resigned on 1 April 2009)	—	772	—	12	784
Mr. Chan Wai Keung, Ivan (resigned on 29 April 2008)	—	8	—	—	8
Ms. Leung Pui Kwan	—	—	—	—	—
Mr. Peter He (appointed on 18 September 2008)	—	—	—	—	—
Independent Non-Executive Directors					
Mr. Wong Lit Chor, Alexis (resigned on 1 April 2009)	100	—	—	—	100
Dr. Leung Wai Cheung	100	—	—	—	100
Mr. Hui Wah Tat, Anthony	50	—	—	—	50
Total	250	3,731	—	36	4,017

During both years, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

For the year ended 31 March 2010, Mr. Shen Junchen and Mr. Hon Chi Shun agreed to waive emoluments of HK$240,000 and HK$30,000, respectively. For the year ended 31 March 2009, Ms. Leung Pui Kwan, Mr. Peter He and Mr. Hui Wah Tat, Anthony agreed to waive emoluments of HK$480,000, HK$600,000 and HK$30,000, respectively.

For the year ended 31 March 2010, the amount of directors' emoluments which is directly attributable to construction activities and capitalized in construction contracts amounted to nil (2009: HK$1,108,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2009: three) were directors of the Company whose emoluments are included in the disclosures in note 13 above. The emoluments of the remaining three (2009: two) individuals were as follows:

	2010	2009
	HK$'000	*HK$'000*
Salaries and other benefits	**290**	1,770
Share-based payments	**2,871**	—
Contributions to retirement benefits schemes	**12**	24
	3,173	1,794

Their emoluments were within the following bands:

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

15. LOSS PER SHARE

From continuing and discontinued operations

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

	2010	2009
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic loss per share (loss for the year attributable to owners of the Company)	**(14,404)**	(69,184)

Number of shares

	2010	2009
	'000	*'000*
		(restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,232,474**	850,164

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

15. LOSS PER SHARE *(CONTINUED)*

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2010	2009
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(14,404)**	(69,184)
Less: Loss for the year from discontinued operations	**(22)**	(45,961)
Loss for the purpose of basic loss per share from continuing operations	**(14,382)**	(23,223)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operations

Basic loss per share for the discontinued operations is HK0.002 cent per share (2009: HK5.41 cents per share), based on the loss for the year from the discontinued operations of approximately HK$22,000 (2009: HK$45,961,000) and the denominators detailed above for both basic and diluted loss per share.

The computation of diluted loss per share did not assume the exercise of the Company's outstanding warrants and options as their exercise would reduce the loss per share for the year ended 31 March 2009 and 2010.

The weighted average number of ordinary shares for the year ended 31 March 2009 was restated and adjusted for the effect of the Open Offer which was completed in December 2009 and the Share Subdivision which became effective in January 2010.

16. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$44,282,000 (2009: loss of HK$59,628,000) (note 30).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold buildings HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation					
Balance at 1 April 2008	9,971	5,593	8,593	721	24,878
Additions	—	—	1,254	—	1,254
Disposals	—	—	—	(10)	(10)
Derecognized on disposal of subsidiaries	(9,971)	(528)	(935)	(63)	(11,497)
Revaluation	—	(282)	—	(27)	(309)
Balance at 31 March 2009	—	4,783	8,912	621	14,316
Additions	—	—	1,841	827	2,668
Disposals	—	—	(2,622)	(33)	(2,655)
Derecognized on disposal of subsidiaries	—	(4,783)	(5,312)	(1,112)	(11,207)
Balance at 31 March 2010	—	—	2,819	303	3,122
Comprising					
At cost	—	—	2,819	303	3,122
At valuation	—	—	—	—	—
	—	—	2,819	303	3,122
Accumulated depreciation and impairment					
Balance at 1 April 2008	—	—	8,284	—	8,284
Depreciation expense	—	3,185	326	305	3,816
Eliminated on disposal of subsidiaries	—	—	(775)	—	(775)
Eliminated on revaluation	—	(3,185)	—	(305)	(3,490)
Balance at 31 March 2009	—	—	7,835	—	7,835
Depreciation expense	—	2,381	435	246	3,062
Eliminated on disposals of assets	—	—	(2,422)	—	(2,422)
Eliminated on disposal of subsidiaries	—	(2,381)	(5,271)	(246)	(7,898)
Balance at 31 March 2010	—	—	577	—	577
Carrying amounts					
Balance at 31 March 2010	**—**	**—**	**2,242**	**303**	**2,545**
Balance at 31 March 2009	—	4,783	1,077	621	6,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

17. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Company

	Furniture and equipment *HK$'000*
Cost	
Balance at 1 April 2008	2,399
Additions	114
Balance at 31 March 2009	2,513
Disposals	(2,513)
Balance at 31 March 2010	—
Accumulated depreciation and impairment	
Balance at 1 April 2008	2,261
Depreciation expense	90
Balance at 31 March 2009	2,351
Depreciation expense	37
Eliminated on disposals of assets	(2,388)
Balance at 31 March 2010	—
Carrying amounts	
Balance at 31 March 2010	—
Balance at 31 March 2009	162

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold buildings:	Over the lease terms
Plant and machinery:	10%
Furniture and equipment:	20%
Motor vehicles:	20%

The fair value of the Group's plant and machinery at 31 March 2009 of approximately HK$4,783,000 was arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, independent qualified professional valuers not connected with the Group, on a fair market value, continued use basis. The gain on revaluation of approximately HK$2,903,000 was credited to the asset revaluation reserve for the year ended 31 March 2009.

The fair value of the Group's motor vehicles at 31 March 2009 of approximately HK$621,000 was arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, on a fair market value, continued use basis. The gain on revaluation of approximately HK$273,000 was credited to the asset revaluation reserve and a gain on revaluation of approximately HK$5,000 was credited to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

18. MINING RIGHTS

	Group *HK$'000*
Cost	
Acquired through acquisition of subsidiaries and at 31 March 2009 and 31 March 2010 *(note 33)*	250,050
Amortization and impairment	
Amortization provided for the year	1,407
Impairment losses recognized for the year	5,737
At 31 March 2009	7,144
Amortization provided for the year	1,376
At 31 March 2010	8,520
Carrying amounts	
At 31 March 2010	**241,530**
At 31 March 2009	242,906

The mining rights represent the rights to conduct mining activities in various coal mines situated in Guizhou Province, the PRC.

An impairment loss of approximately HK$5,737,000 was recognized for the year ended 31 March 2009 as a result of an impairment testing conducted by management taking into account an independent professional valuation on the mining rights at 31 March 2009.

19. GOODWILL

	Group *HK$'000*
At 31 March 2008	89,829
Eliminated on disposal of subsidiaries *(note 34)*	(89,829)
At 31 March 2009, 1 April 2009 and 31 March 2010	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

20. INTERESTS IN SUBSIDIARIES

	Company 2010 HK$'000	2009 HK$'000
Unlisted shares, at cost	—	—
Amounts due from subsidiaries	338,172	298,162
	338,172	298,162
Less: accumulated impairment	(121,012)	(126,089)
	217,160	172,073
Amounts due from subsidiaries classified as current	(75,282)	(15,061)
	141,878	157,012

The amounts due from and due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the Company's subsidiaries at 31 March 2010 are as follows:

Name of subsidiary	Place of incorporation and operations	Form of business structure	Issued share capital / paid up capital	Percentage of equity attributable to the Company	Principal activities
Directly held					
China Global International Enterprises Limited	Hong Kong	Limited liability company	Ordinary HK$1	100%	Investment holding
Bless Luck International Limited	British Virgin Islands	Limited liability company	Ordinary US$1	100%	Investment holding
Asian Time Development Limited	Hong Kong	Limited liability company	Ordinary HK$1	100%	Investment holding
Kingcheer Investments Limited	British Virgin Islands	Limited liability company	Ordinary US$1	100%	Investment holding
China Fortune International Investments Limited	Hong Kong	Limited liability company	Ordinary HK$1	100%	Investment holding
CWS International Trading Limited	British Virgin Islands	Limited liability company	Ordinary US$10	100%	Investment holding
Luckmore Development Limited	British Virgin Islands	Limited liability company	Ordinary US$1	100%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

20. INTERESTS IN SUBSIDIARIES *(CONTINUED)*

Name of subsidiary	Place of incorporation and operations	Form of business structure	Issued share capital / paid up capital	Percentage of equity attributable to the Company	Principal activities
Directly held (Continued)					
Longood Holdings Limited	British Virgin Islands	Limited liability company	Ordinary US$1	100%	Investment holding
Longold Win Limited	British Virgin Islands	Limited liability company	Ordinary US$1	100%	Investment holding
Goldster Global Limited	British Virgin Islands	Limited liability company.	Ordinary US$1	100%	Investment holding
Indirectly held					
Union Sense Development Limited	British Virgin Islands	Limited liability company	Ordinary US$100	70%	Investment holding
Pacific Land International Investments Limited	Hong Kong	Limited liability company	Ordinary HK$1	70%	Investment holding
貴州金億達礦業有限公司 (transliterated as Guizhou Jinyida Mining Company Limited)	PRC	Wholly foreign owned enterprise	Registered capital US$6,680,000	70%	Leasing of mining licenses and coal mining
Lee Hing Mining Industry Limited	Hong Kong	Limited liability company	Ordinary HK$100	65%	Sale of mineral products
Million Mining (Asia) Limited	Hong Kong	Limited liability company	Ordinary HK$100	80%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

21. INTERESTS IN ASSOCIATES

	Group 2010 HK$'000	2009 HK$'000
Cost of investments in associates		
Unlisted	—	4,783
Share of post-acquisition results, net of dividends received	—	(1,979)
	—	2,804
Amounts due from associates	—	14,917
Less: accumulated impairment	—	(7,075)
	—	7,842
Amounts due from associates classified as current	—	(7,842)
	—	—
	—	2,804

The summarized financial information in respect of the Group's associates at the end of the reporting period is set out below:

	2010 HK$'000	2009 HK$'000
Total assets	—	27,932
Total liabilities	—	(30,031)
Net liabilities	—	(2,099)
Group's share of net assets of associates	—	2,804
Revenue	—	81,419
Profit for the year	—	7,200
Group's share of profits of associates for the year	—	2,960

The Group discontinued the recognition of its share of losses of Design Landscapes International (HK) Company Limited and Design Landscapes International (Group) Company Limited because the share of losses of associates exceeded the Group's interests in these associates. For the year ended 31 March 2009, the Group's unrecognized share of losses of these associates and cumulatively was nil and HK$4,341,000, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

21. INTERESTS IN ASSOCIATES *(CONTINUED)*

On 21 October 2009, the Group disposed of its entire issued share capital of Club Ace Holdings Limited and as a result, the associates of Club Ace Holdings Limited have been derecognized from the consolidated statement of financial position of the Group on the same date. Details of the share of results and assets and liabilities of associates under the discontinued operations are disclosed in note 11 and 34 respectively.

22. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2010	2009
	HK$'000	*HK$'000*
Cost of investments in jointly-controlled entities		
Unlisted	—	—
Share of post-acquisition results, net of dividends received	—	(46,620)
	—	(46,620)
Amounts due from jointly-controlled entities	—	36,590
	—	(10,030)
Amounts due from jointly-controlled entities classified as current	—	(2,510)
	—	(12,540)

The summarized financial information in respect of the Group's jointly-controlled entities at the end of the reporting period is set out below:

	2010	2009
	HK$'000	*HK$'000*
Total assets	—	54,939
Total liabilities	—	(202,631)
Net liabilities	—	(147,692)
Group's share of net liabilities of jointly-controlled entities	—	(46,620)
Revenue	—	395,163
Loss for the year	—	(96,525)
Group's share of losses of jointly-controlled entities for the year	—	(31,423)

On 21 October 2009, the Group disposed of its entire issued share capital of Club Ace Holdings Limited and as a result, the jointly-controlled entities of Club Ace Holdings Limited have been derecognized from the consolidated statement of financial position of the Group on the same date. Details of the share of results and assets and liabilities of jointly-controlled entities under the discontinued operations are disclosed in note 11 and 34 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

23. DEFERRED TAXATION

The following are the Group's major deferred tax balances recognized and movements thereon during the current and prior year:

Deferred tax liabilities

	Accelerated tax depreciation *HK$'000*	Revaluation of assets *HK$'000*	Total *HK$'000*
At 1 April 2008	818	2,325	3,143
Charge to profit or loss	(131)	—	(131)
Released upon disposal of subsidiaries *(note 34)*	(687)	(718)	(1,405)
Credit to equity for the year	—	380	380
At 31 March 2009	—	1,987	1,987
Released upon disposal of subsidiaries *(note 34)*	—	(1,987)	(1,987)
At 31 March 2010	—	—	—

Deferred tax assets

	Tax losses *HK$'000*	Decelerated tax depreciation *HK$'000*	Total *HK$'000*
At 1 April 2008	845	—	845
Credit / (Charge) to profit or loss	(196)	341	145
At 31 March 2009	649	341	990
Credit / (Charge) to profit or loss	(358)	358	—
Released upon disposal of subsidiaries *(note 34)*	(291)	(699)	(990)
At 31 March 2010	—	—	—

For the purpose of presentation in the statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2010 ***HK$'000***	2009 *HK$'000*
Deferred tax liabilities	—	997
Deferred tax assets	—	—
	—	997

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

23. DEFERRED TAXATION *(CONTINUED)*

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries amounting to approximately HK$5,703,000 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At 31 March 2010, the Group has unused tax losses of approximately HK$25,267,000 (2009: HK$58,974,000) available for offset against future profits that may be carried forward indefinitely. A deferred tax asset had been recognized in respect of such tax losses to the extent of approximately HK$3,936,000 at 31 March 2009. No deferred tax asset has been recognized in respect of the tax losses of approximately HK$25,267,000 at 31 March 2010 (2009: HK$55,038,000) due to the unpredictability of future profit streams.

24. LOAN RECEIVABLE

	Group	
	2010	2009
	HK$'000	*HK$'000*
Loan to an associate	**—**	1,000

The Group provided a short-term loan to an associate which was unsecured and had no fixed terms of repayment. The effective interest rate for the year ended 31 March 2009 was 12% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

25. TRADE AND OTHER RECEIVABLES

	Group	
	2010	2009
	HK$'000	*HK$'000*
Accounts receivable	**2,837**	85,350
Less: Allowance for doubtful debts	**—**	(18,448)
	2,837	66,902
Contract retention receivables	**—**	42,769
Less: Allowance for doubtful debts	**—**	(11,345)
	—	31,424
Less: contract retention receivables classified as non-current assets	**—**	(11,417)
Retentions held by contract customers included in trade receivables under current assets	**—**	20,007
Amounts due from contract customers	**—**	4,540
Total trade receivables as shown under current assets	**2,837**	91,449
Deposits paid for acquisition of subsidiaries	**33,000**	—
Deposits paid for purchase of goods	**15,521**	—
Prepayments, deposits and other receivables	**5,456**	11,007
Amounts due from jointly-controlled entities	**—**	2,510
Amounts due from associates	**—**	7,842
Amounts due from related companies	**—**	681
	53,977	22,040
	56,814	113,489

The balance of deposits paid for acquisition of subsidiaries at 31 March 2010 comprised:

(a) a deposit of HK$25,000,000 in relation to the acquisition of the entire equity interest in Bestkin International Limited which was completed subsequent to the end of the reporting period as further disclosed in note 41; and

(b) a deposit of HK$8,000,000 in relation to a proposed acquisition of subsidiaries which was terminated and refunded to the Group subsequent to the end of the reporting period.

The Group's credit terms for its contracting business are negotiated with contract customers. Accounts receivable of a non-retention nature are generally due within 30 days of certification by independent architects as to the value of the contract works performed and claimed by the Group in its interim applications for progress payment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

25. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Retentions are due on the expiration of contract maintenance / defects liability period, which is determined in accordance with relevant contract terms and generally stipulated as 181 days to 365 days from the date of practical completion of the contract works.

Included in trade receivables are amounts due from contract customers which represent the excess of contract costs incurred to date by the Group plus recognized profits (less recognized losses) over progress billings raised by the Group for respective contracts at the end of reporting period:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Contract costs incurred plus recognized profits less recognized losses	—	320,173
Less: progress billings	—	(315,633)
Amounts due from contract customers	—	4,540

Included in the Group's trade receivables at 31 March 2009 were amounts due from associates and a jointly-controlled entity of the Group of approximately HK$82,000 and HK$541,000 respectively, which were unsecured, interest-free and payable on similar credit terms to those offered to other major customers of the Group. The receivables arose from the undertaking of construction contract works during the year.

The amounts due from jointly-controlled entities, associates and related companies were unsecured, interest-free and had no fixed terms of repayment.

An aged analysis of accounts receivable net of allowance for doubtful debts at the end of reporting period, based on the invoice date, is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
0–90 days	**2,837**	61,184
91–180 days	—	738
181–365 days	—	794
Over 365 days	—	4,186
	2,837	66,902

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

25. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

An aged analysis of contract retention receivables net of allowance for a doubtful debt at the end of reporting period, based on the invoice date, is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
0–90 days	—	1,795
91–180 days	—	12,672
181–365 days	—	5,132
Over 365 days	—	11,825
	—	31,424

An aged analysis of accounts receivable that are not considered to be impaired is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Neither past due nor impaired	**2,837**	59,056
Past due but not impaired		
1–90 days	—	1,419
91–180 days	—	1,447
181–365 days	—	794
Over 365 days	—	4,186
	2,837	66,902

An aged analysis of contract retention receivables that are not considered to be impaired is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Neither past due nor impaired	—	31,424

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

25. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

The movement in the allowance for doubtful debts on accounts receivable is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Balance at beginning of the year	**18,448**	27,491
Impairment losses recognized	**—**	541
Amounts written off as uncollectible	**(1,124)**	—
Impairment losses reversed	**—**	(4,198)
Released upon disposal of subsidiaries	**(17,324)**	(5,386)
Balance at end of the year	**—**	18,448

The movement in the allowance for doubtful debts on contract retention receivables is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Balance at beginning of the year	**11,345**	9,444
Impairment losses recognized	**—**	2,317
Amounts written off as uncollectible	**(1,394)**	—
Impairment losses reversed	**—**	(416)
Released upon disposal of subsidiaries	**(9,951)**	—
Balance at end of the year	**—**	11,345

At 31 March 2009, included in the allowances for doubtful debts were individually impaired accounts receivable and contract retention receivables with balances of HK$18,448,000 and HK$11,345,000 respectively. The individually impaired receivables related to customers that were in dispute or in delinquency in payments and the management assessed that the recovery of the amounts was doubtful. The Group did not hold any collateral over these balances.

An aged analysis of impaired accounts receivable is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Over 365 days	**—**	18,448

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

25. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

An aged analysis of impaired contract retention receivables is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Over 365 days	**—**	11,345

26. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES

The pledged bank deposits and bank balances carried interest at prevailing market rates.

At 31 March 2009, pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group. Pledged bank deposits were denominated in Hong Kong dollars. Further details are set out in note 39 to the financial statements.

At 31 March 2010, the cash and bank balances of approximately HK$4,256,000 (2009: approximately HK$4,000) were denominated in RMB which is not freely convertible into other currencies.

27. TRADE AND OTHER PAYABLES

	Group	
	2010	2009
	HK$'000	*HK$'000*
Accounts payable	**—**	64,407
Amounts due to contract customers	**—**	85,895
Total trade payables as shown under current liabilities	**—**	150,302
Other payables and accruals	**1,815**	4,953
Amount due to a director	**206**	313
Amounts due to jointly-controlled entities	**—**	8,966
Amounts due to minority shareholders	**—**	1,041
	2,021	15,273
	2,021	165,575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

27. TRADE AND OTHER PAYABLES *(CONTINUED)*

An aged analysis of accounts payable at the end of reporting period is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
0–90 days	—	29,934
91–180 days	—	6,385
181–365 days	—	5,339
Over 365 days	—	22,749
	—	64,407

Included in trade payables are amounts due to contract customers which represent the excess of progress billings raised by the Group for the respective contracts over the contract costs incurred to date by the Group plus recognized profits (less recognized losses) at the end of reporting period:

	2010	2009
	HK$'000	*HK$'000*
Contract costs incurred plus recognized profits less recognized losses	—	1,262,186
Less: progress billings	—	(1,348,081)
Amounts due to contract customers	—	(85,895)

The amounts due to a director, an associate, jointly-controlled entities and minority shareholders are unsecured, interest-free and have no fixed terms of repayment.

28. PROMISSORY NOTE

On 1 December 2008, the Company issued a promissory note with a principal amount of HK$20,000,000 to the vendor as part of the purchase consideration for the acquisition of 70% equity interests in Union Sense Development Limited. The promissory note was transferable, unsecured, carried interest at 4% per annum and had a fixed term of five years from the date of issue. The promissory note was fully settled during the year ended 31 March 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

29. SHARE CAPITAL

	Notes	Number of shares	Share capital HK$'000
Authorized			
At 1 April 2008, ordinary shares of HK$1 each		100,000,000	100,000
Increase in authorized share capital	(a)	50,000,000	50,000
At 31 March 2009, ordinary shares of HK$1 each		150,000,000	150,000
Capital Reorganization	(b)	1,350,000,000	—
Share Subdivision	(c)	13,500,000,000	—
At 31 March 2010, ordinary shares of HK$0.01 each		**15,000,000,000**	**150,000**
Issued and fully paid			
At 1 April 2008		69,000,000	69,000
Issue of shares under a placing agreement	(d)	10,860,000	10,860
Issue of shares on acquisition of assets through acquisition of subsidiaries	(e)	10,000,000	10,000
At 31 March 2009		89,860,000	89,860
Issue of shares under subscription agreements	(f)	13,800,000	13,800
Issue of shares under a placing agreement	(g)	12,000,000	12,000
Capital Reorganization	(b)	—	(104,094)
Issue of shares under Open Offer	(h)	46,264,000	4,626
Share Subdivision	(c)	1,457,316,000	—
Exercise of options	(i)	16,192,400	162
At 31 March 2010		**1,635,432,400**	**16,354**

Notes:

(a) Pursuant to the ordinary resolution passed by the Company's shareholders at the special general meeting held on 16 September 2008, the authorized share capital of the Company was increased from HK$100,000,000 to HK$150,000,000 by the creation of an additional 50,000,000 shares of HK$1 each in the capital of the Company.

(b) On 7 October 2009, the Company's board of directors (the "Board") announced that the Company intended to put forward to the shareholders for their approval the capital reorganization (the "Capital Reorganization"). Pursuant to the Capital Reorganization (i) the issued share capital of the Company would be reduced by cancelling the paid-up capital to the extent of HK$0.90 on each issued share such that the par value of each issued share would be reduced from HK$1.00 to HK$0.10, thereby giving rise to a credit of HK$104,094,000 (the "Capital Reduction"); (ii) the share subdivision would involve the sub-division of each authorized but unissued share into ten new shares; and (iii) upon the Capital Reduction and the Share Subdivision becoming effective, the entire amount standing to the credit of the share premium account of the Company would be reduced to nil (the "Share Premium Reduction"). The total credit amount arising from both the Capital Reduction and the Share Premium Reduction would be transferred to the contributed surplus account of the Company which would be utilized in accordance with the bye-laws of the Company and all applicable laws including, without limitation, to set-off against the accumulated losses of the Company. The special resolution in relation to the Capital Reorganization was duly passed by the shareholders at the special general meeting held on 12 November 2009 and became effective on the same date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

29. SHARE CAPITAL *(CONTINUED)*

Notes: (Continued)

(c) Pursuant to the ordinary resolution passed by the Company's shareholders at the special general meeting held on 4 January 2010, each of the issued and unissued shares of HK$0.10 each in the share capital of the Company was subdivided into ten shares of HK$0.01 each (the "Share Subdivision"). The Share Subdivision became effective on 5 January 2010.

(d) Pursuant to a conditional placing agreement dated 1 August 2008 entered into between the Company and Partners Capital Securities Limited (the "Placing Agent"), the Company conditionally agreed to place, through the Placing Agent on a fully underwritten basis, 10,860,000 new shares of HK$1 each in the capital of the Company to independent third parties at the placing price of HK$1.43 per share. Completion of the placing took place on 14 August 2008 and the Company raised net proceeds of approximately HK$15,142,000 which would be used as general working capital of the Group.

(e) Pursuant to a sale and purchase agreement dated 20 June 2008 and a supplemental agreement dated 31 July 2008, the Company issued 10,000,000 consideration shares of HK$1 each to the vendor as part of the purchase consideration for the acquisition of 70% equity interests in Union Sense Development Limited (note 33).

(f) Pursuant to the subscription agreements dated 7 August 2009, the Company issued and allotted 10,350,000 and 3,450,000 new shares of HK$1 each in the capital of the Company to Galaxy Asset Management (HK) Limited and VMS Investment Group Limited, respectively, at the subscription price of HK$1.46 per share on 1 September 2009. The net proceeds of approximately HK$20,041,000 would be used as general working capital of the Group.

(g) Pursuant to the subscription agreement dated 25 September 2009, the Company issued and allotted 12,000,000 new shares of HK$1 each in the capital of the Company to Cheever Capital Management (Asia) Limited at the subscription price of HK$1.78 per share on 13 October 2009. The net proceeds of approximately HK$21,207,000 would be used for financing the Company's future potential investments.

(h) On 16 November 2009, the Board announced the Company proposed to raise approximately HK$83.3 million (before expenses) by issuing 46,264,000 offer shares of HK$0.1 each in the capital of the Company (the "Offer Shares") at a subscription price of HK$1.80 per Offer Share by way of an open offer, payable in full on acceptance, on the basis of two Offer Shares for every five shares held by qualifying shareholders on the record date (the "Open Offer"). Completion of the Open Offer took place on 29 December 2009 and 46,264,000 Offer Shares were allotted and issued at a subscription price of HK$1.80 per Offer Share. The Company raised a sum of approximately HK$83.3 million before expenses through the Open Offer.

(i) Share options were exercised by option holders during the year ended 31 March 2010 to subscribe for a total of 16,192,400 shares of HK$0.01 each by payment of subscription monies of approximately HK$2,989,000, of which approximately HK$162,000 was credited to share capital and the balance of approximately HK$2,827,000 was credited to the share premium account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

30. RESERVES

Company

	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000 (Note (a))	Warrant reserve HK$'000	Share option reserve HK$'000	Retained profit / (Accumulated losses) HK$'000	Total HK$'000
At 1 April 2008	50,044	—	51,562	1,000	—	15,778	118,384
Loss for the year	—	—	—	—	—	(59,628)	(59,628)
Issue of ordinary shares under a placing agreement	4,670	—	—	—	—	—	4,670
Share issue expenses	(388)	—	—	—	—	—	(388)
Shares issued on acquisition of assets through acquisition of subsidiaries	—	(800)	—	—	—	—	(800)
Released upon expiry of warrant *(note (b))*	—	—	—	(1,000)	—	1,000	—
At 31 March 2009	54,326	(800)	51,562	—	—	(42,850)	62,238
Loss for the year	—	—	—	—	—	(44,282)	(44,282)
Issue of ordinary shares *(note 29 (f) and (g))*	15,708	—	—	—	—	—	15,708
Share issue expenses	(260)	—	—	—	—	—	(260)
Capital Reorganization *(note 29 (b))*	(69,774)	—	96,266	—	—	77,602	104,094
Shares issued under Open Offer *(note 29 (h))*	78,649	—	—	—	—	—	78,649
Share issue expenses	(3,678)	—	—	—	—	—	(3,678)
Issue of warrants *(note (c))*	—	—	—	324	—	—	324
Recognition of equity-settled share-based payment	—	—	—	—	5,742	—	5,742
Issue of ordinary shares under share option scheme *(note 29 (i))*	3,784	—	—	—	(957)	—	2,827
At 31 March 2010	**78,755**	**(800)**	**147,828**	**324**	**4,785**	**(9,530)**	**221,362**

Notes:

(a) The contributed surplus of the Company represents reserves arising from (i) the difference between the then combined net assets of the subsidiaries acquired pursuant to the group reorganization completed on 2 October 1995 over the nominal value of the share capital of the Company issued in exchange therefor; and (ii) the Capital Reorganization during the year ended 31 March 2010. In accordance with the laws of Bermuda, the contributed surplus is distributable in certain circumstances.

(b) On 30 August 2005, the Company issued 5,000,000 unlisted warrants to Complete Success Limited at HK$0.20 each as part of the purchase consideration for acquisition of additional interest in a subsidiary. The warrants were issued to Complete Success Limited in registered form and constituted by a warrant instrument, and rank *pari passu* in all respects among themselves. Each warrant carried the right to subscribe for one share of HK$1.00 each in the capital of the Company at an adjusted subscription price of HK$2.64 per share. The warrants expired on 29 August 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

30. RESERVES *(CONTINUED)*

Notes: (Continued)

(c) On 26 February 2010, the Company entered into the warrant subscription agreement with Orient Best Holdings Limited (the "Subscriber"), pursuant to which the Company agreed to issue and the Subscriber agreed to subscribe for 323,848,000 warrants at the issue price of HK$0.001 per warrant. Each of the warrants carries the right to subscribe for one warrant share at the initial exercise price of HK$0.16 per warrant share during a period of 5 years commencing from (and inclusive of) the date of issue of the warrants. The net proceeds from the warrant subscription were approximately HK$324,000, which would be used as the general working capital of the Group. The exercise in full of the outstanding warrants would, with the capital structure of the Company at 31 March 2010, result in the issue of additional 323,848,000 shares of HK$0.01 each in the capital of the Company.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt (which includes trade and other payables, and promissory note), cash and cash equivalents and equity attributable to owners of the Company (comprising issued share capital, reserves and retained profits / (accumulated losses)).

Gearing ratio

	2010	2009
	HK$'000	*HK$'000*
Debt (i)	**2,021**	185,842
Cash and cash equivalents	**(45,907)**	(22,082)
Net debt	**(43,886)**	163,760
Equity (ii)	**342,283**	224,571
Net debt to equity ratio	**N/A**	73%

Notes:

(i) Debt comprises trade and other payables, and promissory note as detailed in notes 27 and 28 respectively.

(ii) Equity includes all capital and reserves of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

		Group	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
Financial assets			
Loans and receivables:			
— Loan receivable	24	**—**	1,000
— Trade and other receivables	25	**35,837**	119,961
— Pledged bank deposits	26	**—**	24,362
— Cash and bank balances	26	**45,907**	22,082
		81,744	167,405
Financial liabilities			
Amortized cost:			
— Trade and other payables	27	**2,021**	79,680
— Promissory note	28	**—**	20,267
		2,021	99,947

(b) Financial risk management objectives and policies

The Group's major financial instruments include loan receivable, trade and other receivables, pledged bank deposits, cash and bank balances, trade and other payables and promissory note. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

Foreign currency risk

During the year ended 31 March 2010, the Group mainly operated in PRC and the majority of the Group's transactions and balances as at and for the year ended 31 March 2010 was denominated in Renminbi and United States dollars. However, the directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. Nevertheless, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

32. FINANCIAL INSTRUMENTS *(CONTINUED)*

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

Market risk *(Continued)*

Interest rate risk

The Group is not exposed to significant fair value interest rate risk and cash flows interest rate risk. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Price risk

As the Group has no significant investments, the Group is not subject to significant price risk.

Credit risk

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

In order to minimize the credit risk, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% (2009: over 90%) of the total trade receivables as at 31 March 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

32. FINANCIAL INSTRUMENTS *(CONTINUED)*

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

Liquidity risk

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

The following tables detail the Group's remaining contractual maturity for its financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	On demand	Less than 3 months	3 months to 1 year	1–5 years	Total undiscounted cash flows	Total carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2010						
Non-derivative financial liabilities						
Trade and other payables	**—**	**2,021**	**—**	**—**	**2,021**	**2,021**
2009						
Non-derivative financial liabilities						
Trade and other payables	29,185	40,175	10,320	—	79,680	79,680
Promissory note	—	—	—	24,000	24,000	20,267
	29,185	40,175	10,320	24,000	103,680	99,947

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

32. FINANCIAL INSTRUMENTS *(CONTINUED)*

(c) Fair value of financial instruments

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

(i) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

(ii) The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing model.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

33. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

Pursuant to a sale and purchase agreement dated 20 June 2008 and a supplemental agreement dated 31 July 2008, the Group acquired 70% equity interests in Union Sense Development Limited. The acquisition was completed on 1 December 2008.

Union Sense Development Limited (through its mining subsidiary) was mainly involved in holding of mining rights to conduct mining activities in various coal mines situated in Guizhou Province, the PRC and had not carried out any other significant business transactions since its incorporation. In the opinion of the directors, the acquisition did not, therefore, constitute an acquisition of business as the Group principally acquired the mining rights through the acquisition. Therefore, the acquisition was not disclosed as a business combination in accordance with the requirements of HKFRS 3 *Business Combinations*.

The net assets acquired in the acquisition were as follows:

	HK$'000
Net assets acquired:	
Mining rights	250,050
Prepayment	57
Bank balances	57
Amount due to a director	(347)
Minority interests	(74,945)
	174,872
Total consideration satisfied by:	
Costs directly attributable to the acquisition	5,672
Cash consideration paid	140,000
Fair value of 10,000,000 consideration shares issued *(note (i))*	9,200
Fair value of promissory note issued *(note (ii))*	20,000
	174,872
Net cash outflow arising on acquisition:	
Cash consideration paid	(145,672)
Cash and bank balances acquired	57
	(145,615)

Notes:

(i) The fair value of the 10,000,000 consideration shares issued was determined by reference to the published share price at the date of exchange.

(ii) The fair value of the promissory note issued was determined by discounting the amounts payable to their present value at the date of exchange.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

34. DISPOSAL OF SUBSIDIARIES

(i) For the year ended 31 March 2010

Disposal of the entire equity interests in Club Ace Holdings Limited and its shareholder's loan

Pursuant to a sale and purchase agreement (the "CAH Disposal Agreement") dated 7 September 2009 entered into between the Company (as vendor) and Mr. Ng Tat Leung, George (a former executive director of the Company) (as purchaser), the Company disposed of the entire issued share capital of Club Ace Holdings Limited and the shareholder's loan to Mr. Ng Tat Leung, George for a total consideration of HK$1,000,000. The disposal constituted a very substantial disposal and a connected transaction on the part of the Company under the Listing Rules, further details of which were set out in the Company's circular dated 28 September 2009. Club Ace Holdings Limited and its subsidiaries, associates and jointly-controlled entities previously carried on all of the Group's construction operations. Upon completion of the CAH Disposal Agreement on 21 October 2009, the Group ceased to hold any equity interest in Club Ace Holdings Limited.

The consolidated net assets of Club Ace Holdings Limited at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	3,309
Interests in jointly-controlled entities	(10,557)
Interest in an associate	2,348
Contract retention receivables	15,640
Trade and other receivables	75,445
Cash and bank balances	48,085
Due from associates	6,371
Due to jointly-controlled entities	(3,916)
Trade and other payables	(133,036)
Deferred tax liabilities	(997)
Due to minority shareholders	(1,035)
	1,657
Loss on disposal of subsidiaries	(2,051)
	(394)
Satisfied by:	
Costs directly attributable to the disposals	(1,394)
Cash consideration	1,000
	(394)

34. DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(i) For the year ended 31 March 2010 *(Continued)*

Disposal of the entire equity interests in Club Ace Holdings Limited and its shareholder's loan (Continued)

Net cash outflow arising on disposals of subsidiaries for the year ended 31 March 2010 were as follows:

	HK$'000
Costs directly attributable to the disposals	(1,394)
Cash consideration	1,000
Cash and bank balances disposed of	(48,085)
	(48,479)

(ii) For the year ended 31 March 2009

Disposal of the entire equity interests in Wing Hing Group (BVI) Limited and its shareholder's loan

On 28 February 2008, the Company entered into a conditional sale and purchase agreement (the "WH Disposal Agreement") with Heart Ace Limited (a connected person of the Company) to dispose of the entire equity interests in Wing Hing Group (BVI) Limited and its shareholder's loan (the "WH Disposal").

Pursuant to the WH Disposal Agreement, a reorganization of the Group was conducted prior to completion of the WH Disposal. Upon completion of the reorganization, Wing Hing Group (BVI) Limited directly held the entire issued share capital of Sunny Engineering Limited and CSP (HK) Limited and indirectly held 35% of the issued share capital of King Fine Development Limited, 8% of the issued share capital of Wealthy Star Development Limited, 39% of the registered and paid up capital of Veolia Water (Zhuhai) Wastewater Treatment Operations Company Limited and 40% of the registered and paid up capital of Veolia Water (Zhuhai) Wastewater Treatment Company Limited. Upon completion of the WH Disposal Agreement on 30 April 2008, the Group ceased to hold any equity interest in Wing Hing Group (BVI) Limited.

Disposal of the entire equity interests in Farrell Global Limited and its shareholder's loan

On 31 December 2008, the Group entered into a conditional sale and purchase agreement (the "FG Disposal Agreement") with Liu Pui Lan (a connected person of the Company) to dispose of the entire equity interests in Farrell Global Limited and its shareholder's loan (the "FG Disposal"). Upon completion of the FG Disposal Agreement on 25 March 2009, the Group ceased to hold any equity interest in Farrell Global Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

34. DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(ii) For the year ended 31 March 2009 *(Continued)*

The consolidated net assets of Wing Hing Group (BVI) Limited and Farrell Global Limited at the respective dates of disposals were as follows:

	Wing Hing Group (BVI) Limited *HK$'000*	**Farrell Global Limited** *HK$'000*	**Total** *HK$'000*
Property, plant and equipment	10,722	—	10,722
Investment property	6,500	—	6,500
Prepaid lease payments	659	197,836	198,495
Interests in jointly-controlled entities	19,658	—	19,658
Interest in an associate	4,909	—	4,909
Available-for-sale investment	1	—	1
Amount due from an investee entity	53,892	—	53,892
Other receivables	32,296	—	32,296
Cash and bank balances	1,535	7	1,542
Trade and other payables	(2,277)	(23)	(2,300)
Current tax liabilities	(669)	—	(669)
Amount due to an associate	(21,707)	—	(21,707)
Deferred tax liabilities	(1,405)	—	(1,405)
Minority interests	—	(106,340)	(106,340)
	104,114	91,480	195,594
Attributable goodwill	—	89,829	89,829
Released of assets revaluation reserve	(6,931)	—	(6,931)
Released of translation reserve	—	(7,301)	(7,301)
Gain / (Loss) on disposal of subsidiaries	70,265	(55,611)	14,654
	167,448	118,397	285,845
Satisfied by:			
Costs directly attributable to the disposals	(1,550)	(1,603)	(3,153)
Cash consideration	50,000	—	50,000
Fair value of promissory note receivable	118,998	—	118,998
Fair value of promissory note payable being offset	—	120,000	120,000
	167,448	118,397	285,845

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

34. DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(ii) For the year ended 31 March 2009 *(Continued)*

Net cash inflow / (outflow) arising on disposals of subsidiaries for the year ended 31 March 2009 were as follows:

	Wing Hing Group (BVI) Limited *HK$'000*	**Farrell Global Limited** *HK$'000*	**Total** *HK$'000*
Costs directly attributable to the disposals	(1,550)	(1,603)	(3,153)
Cash consideration	50,000	—	50,000
Cash and bank balances disposed of	(1,535)	(7)	(1,542)
	46,915	(1,610)	45,305

35. OPERATING LEASES

The Group as lessee

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

	2010 *HK$'000*	2009 *HK$'000*
Within one year	**935**	1,015
In the second to fifth year inclusive	**233**	1,168
	1,168	2,183

36. COMMITMENT

	2010 *HK$'000*	2009 *HK$'000*
Commitment under a service agreement	**9,571**	—
Capital commitment under an agreement for acquisition of subsidiaries	**53,000**	—
Capital commitment to the registered capital of a PRC subsidiary payable by the Group (US$2,000,000)	**—**	15,560
	62,571	15,560

37. SHARE-BASED PAYMENT TRANSACTIONS

(a) Share option scheme adopted by the Company on 28 August 2002 and terminated on 4 January 2010

The Company operated a share option scheme (the "2002 Share Option Scheme") for the purpose of providing incentives or rewards to eligible participants for their contribution to the Group and / or to enable the Group to recruit and retain high-caliber employees and attract human resources that were valuable to the Group and any entity in which the Group held an equity interest (the "Invested Entity"). Eligible participants of the 2002 Share Option Scheme included the directors and employees of the Company, its subsidiaries or any Invested Entity, suppliers and customers of the Group or any Invested Entity, any technical, financial and legal professional advisers engaged by the Group or any Invested Entity, and any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity. The 2002 Share Option Scheme became effective on 28 August 2002 and was terminated by the shareholders of the Company on 4 January 2010.

The maximum number of shares which might be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2002 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time. The total number of shares which might be issued upon exercise of all share options were granted under the 2002 Share Option Scheme and any other share option schemes of the Company should not in aggregate exceed 10% of the total number of shares in issue on 28 August 2002. Share options which lapsed in accordance with the terms of the 2002 Share Option Scheme or any other share option schemes of the Company would not be counted for the purpose of calculating the 10% limit. The Company might seek approval of the shareholders in a general meeting for refreshing the 10% limit under the 2002 Share Option Scheme, save that the total number of shares which might be issued upon exercise of all share options was granted under the 2002 Share Option Scheme and any other share option schemes of the Company under the limit as refreshed should not exceed 10% of the total number of shares in issue as at the date of approval of the limit as refreshed. Share options previously granted under the 2002 Share Option Scheme or any other share option schemes of the Company (including share options outstanding, cancelled, lapsed or exercised in accordance with the terms of the 2002 Share Option Scheme or any other share option schemes of the Company) would not be counted for the purpose of calculating the limit as refreshed. The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

Each grant of the share options to a director, chief executive or substantial shareholder of the Company, or to any of their associates, under the 2002 Share Option Scheme must comply with the requirements of Rule 17.04 of the Listing Rules and must be subject to approval by independent non-executive directors to whom share options had not been granted. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, are subject to prior shareholders' approval in a general meeting.

37. SHARE-BASED PAYMENT TRANSACTIONS *(CONTINUED)*

(a) Share option scheme adopted by the Company on 28 August 2002 and terminated on 4 January 2010 *(Continued)*

The offer of a grant of share options should be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, save that such period shall not be more than 10 years from the date of the offer of the share options, subject to the provisions for early termination set out in the 2002 Share Option Scheme. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors.

The exercise price of the share options is determinable by the directors, but might not be less than the highest of (i) the closing price of the Company's shares as quoted on the daily quotation sheets of the Stock Exchange on the date of the offer of the share options; (ii) the average closing price of the Company's shares as quoted on the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options did not confer rights on the holders to dividends or to vote at shareholders' meetings.

The Company had not granted any share options under 2002 Share Option Scheme during the year ended 31 March 2010 (2009: Nil). At 31 March 2009 and 2010, there were no outstanding share options.

(b) Share option scheme adopted by the Company on 4 January 2010

An ordinary resolution was duly passed by the shareholders of the Company at the special general meeting held on 4 January 2010 to adopt the new share option scheme (the "New Share Option Scheme") and terminate the 2002 Share Option Scheme.

The purpose of the New Share Option Scheme is to provide the Company with a flexible and effective means of incentivizing, rewarding, remunerating, compensating and / or providing benefits to participants in recognition of their contribution to the Group. Eligible participants of the New Share Option Scheme include any person who is an employee holding salaried office or employment under a contract with the Company, any of its holding companies and any of their respective subsidiaries, and any entity (including associated company) in which the Company, any of its holding companies or any of their respective subsidiaries holds any equity interest (the "Eligible Entity") or is a director (including executive and non-executive directors) of an Eligible Entity or any adviser, consultant, agent, contractor, customer and supplier of any member of the Group or any Eligible Entity whom the board of directors in its sole discretion considers eligible for the New Share Option Scheme on the basis of his or her contribution to the Group. The New Share Option Scheme became effective on 4 January 2010 and, unless otherwise cancelled or amend, will remain in force for 10 years from that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

37. SHARE-BASED PAYMENT TRANSACTIONS *(CONTINUED)*

(b) Share option scheme adopted by the Company on 4 January 2010 *(Continued)*

The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the New Share Option Scheme and all outstanding options granted and yet to be exercised under any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time. The total number of shares which may be issued upon exercise of all share options to be granted under the New Share Option Scheme and any options to be granted under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue on 4 January 2010. Share options which lapsed in accordance with the terms of the New Share Option Scheme and any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. The Company may seek approval of the shareholders in a general meeting for refreshing the 10% limit under the New Share Option Scheme, save that the total number of shares which may be issued upon exercise of all share options is granted under the New Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as refreshed. Share options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including share options outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

Each grant of the share options to a director, chief executive or substantial shareholder of the Company, or to any of their associates, under the New Share Option Scheme must be subject approved by independent non-executive directors to whom share options have not been granted. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or any of their associates, which would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted under the New Share Option Scheme (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in aggregate over 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, must be approved by the shareholders in a general meeting.

The offer of a grant of share options shall be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, save that such period shall not be more than 10 years from the date of the offer of the share options, subject to the provisions for early termination set out in the New Share Option Scheme. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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37. SHARE-BASED PAYMENT TRANSACTIONS *(CONTINUED)*

(b) Share option scheme adopted by the Company on 4 January 2010 *(Continued)*

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the daily quotation sheets of the Stock Exchange on the date of the offer of the share options; (ii) the average closing price of the Company's shares as quoted on the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options did not confer rights on the holders to dividends or to vote at shareholders' meetings.

Details of specific categories of share options under the New Share Option Scheme are as follows:

Option type	Date of grant	Exercise period	Exercise price	Fair value at grant date
Year 2010	2 March 2010	2 March 2010 to 2 March 2012	HK$0.1846	HK$0.0591

In accordance with the terms of the New Share Option Scheme, options issued during the financial year ended 31 March 2010, vested at the date of grant.

The fair value of the share options granted during the year ended 31 March 2010 is HK$0.0591 each. Options were priced using a binomial option pricing model. Expected volatility is based on the historical share price volatility of other companies in similar industry over the past two years.

Inputs into the model

	Option type Year 2010
Grant date share price	HK$0.1830
Exercise price	HK$0.1846
Expected volatility	80.39%
Dividend yield	Nil
Risk-free interest rate	0.5950%
Exercise multiple	1.70

Expected volatility was determined on the historical share price volatility of other companies in similar industry over the previous two years.

The binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions. No other feature of options granted was incorporated into the measurement of fair values.

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For the year ended 31 March 2010

37. SHARE-BASED PAYMENT TRANSACTIONS *(CONTINUED)*

The following table discloses details and movements of the Company's share options held by directors and employees under the New Share Option Scheme during the year ended 31 March 2010.

Option type	Outstanding at 1 April 2009	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31 March 2010
Year 2010	—	97,154,400	(16,192,400)	—	—	80,962,000
Exercisable at the end of the year						80,962,000
Weighted average exercised price	—	HK$0.1846	HK$0.1846	—	—	HK$0.1846

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

Option type	Number exercised	Exercise date	Share price at exercise date
Year 2010	16,192,400	31 March 2010	HK$0.3750

At 31 March 2010, the number of shares in respect of which options had been granted and remained outstanding under the New Share Option Scheme was 80,962,000, representing approximately 5% of the shares of the Company in issue at that date.

38. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees. During the year under review, the total amount contributed by the Group to the scheme and charged to the consolidated statement of comprehensive income amounted to approximately HK$593,000 (2009: HK$1,231,000). At 31 March 2010, there were no forfeited contributions available for the Group to offset contributions payable in future years (2009: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

39. PLEDGED OF ASSETS

Assets with the following carrying amounts were pledged to secure general bank facilities granted to the Group:

	2010	2009
	HK$'000	*HK$'000*
Bank deposits *(note 26)*	—	24,362

40. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in these financial statements, the Group had the following significant related party transactions during the year ended 31 March 2010:

Compensation to key management personnel

	2010	2009
	HK$'000	*HK$'000*
Short-term benefits	2,815	3,981
Post-employment benefits	45	36
Share-based payments	1,914	—
	4,774	4,017

41. EVENTS AFTER THE REPORTING PERIOD

(a) On 5 May 2010, the Company announced that an aggregate of 80,000,000 shares of HK$0.01 each in the capital of the Company were placed to not fewer than six placees, at the placing price of HK$0.50 per placing share, upon completion of the placing agreement dated 26 April 2010 entered into between the Company and VC Brokerage Limited as the placing agent. The net proceeds from the aforesaid placing amounted to approximately HK$39.3 million which were intended to be used for the general working capital of the Group and potential investments to be identified.

(b) Pursuant to the acquisition agreement dated 8 February 2010, the first supplemental agreement dated 14 May 2010 and the second supplemental agreement dated 2 July 2010 entered into between Longold Win Limited (a wholly-owned subsidiary of the Company) (as purchaser) and Ms. Wong Kei Yan (as vendor), the Group completed the acquisition of the entire equity interests in Bestkin International Limited for an aggregate consideration of HK$88,000,000 on 2 July 2010. Bestkin International Limited through its subsidiaries holds certain exploitation and exploration licenses to certain gold mines in the PRC. As of the date of approval of these financial statements, management of the Group is still in the midst of determining the financial effect of the aforesaid acquisition.

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