中國金匯礦業有限公司
China Jin Hui Mining Corporation Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 462

Annual Report 2008

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Ms. Katherine Chan Wai Kay
Ms. Zuo Lihua

Non-Executive Director
Mr. He Changming *(Chairman)*

Independent Non-executive Directors
Mr. Lee Kin Keung
Mr. Xu Wen An
Mr. Stephen Bryden Kerr

COMPANY SECRETARY

Mr. Navin K. Aggarwal

QUALIFIED ACCOUNTANT

Mr. Luk Chi Keung

AUTHORISED REPRESENTATIVES

Ms. Katherine Chan Wai Kay
Mr. Navin K. Aggarwal

REGISTERED OFFICE

Century Yard, Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town, Grand Cayman
British West Indies
The Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 1801-02, 18th Floor
Shui On Centre
6-8 Harbour Road, Wanchai
Hong Kong

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town, Grand Cayman
The Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Shanghai Commercial Bank Limited
DBS Bank (Hong Kong) Limited
The Hongkong & Shanghai Banking Corporation

LEGAL ADVISER

Hong Kong
Kirkpatrick & Lockhart Preston Gates Ellis Solicitors
Cayman Islands
Conyers Dill & Pearman, Cayman

COMPLIANCE ADVISER

Somerley Limited

AUDITORS

SHINEWING (HK) CPA Limited

STOCK CODE

462

COMPANY WEBSITE

http:/www.linfair.net
http:/www.aplushk.com/clients/0462CJH/index.html

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of China Jin Hui Mining Corporation Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (collectively the "Group") for the financial year ended 31st March 2008.

RESULTS

During the year under review, the Group recorded a revenue of approximately HK$89.1 million (2007: HK$297.8 million), representing a decrease of approximately 70.1% against the prior year. Net loss attributable to shareholders amounted to approximately HK$44.6 million (2007: net loss HK$83.2 million). Basic loss per share for the year was HK11.2 cents (2007: HK27.4 cents).

BUSINESSES

The Group is principally engaged in the provision of engineering systems contracting and supporting services and sale of related spare parts and consumables. Given the continuous loss making operation in this industry, the Board has been seeking investment opportunities to broaden its income stream and to diversify the risk of reliance on single industry.

In view of the continued economic growth and accelerated industrialization and urbanization in the PRC as well as the development in the global economy, natural resources are in demand at all times and the Board considers that the demand for natural resources will maintain its growth momentum. In view of the prospects of the natural resources business, the Company entered into the acquisition agreement in December 2007 with an independent third party to acquire the entire equity interest in Qindao Yangxinhui Mining Company Limited for the mining development of the Tengfei Magnetite and Gangzicum Donggou Magnetite. The acquisition is part of the Group's strategy to broaden its business scope and earning base as well as to diversify its risks from concentrating on the existing businesses. The aforesaid acquisition was completed on 14th June 2008.

CHAIRMAN'S STATEMENT

MINING BUSINESS

The two mines both situated in Chengde County, Hebei Province, the PRC, namely:

– Tengfei Magnetite, an open cast mine of Vanadium – Titanium magnetite with a mining license for a period of 5 years from April 2006 to April 2011, and will be renewed upon expiration, covering a total area of approximately 0.3764 sq.km.

– Gangzicum Donggou Magnetite, with an exploration license for a period of 2 years from 29th September 2006 to 29th September 2008, covering a total area of approximately 2.74 sq.km. The mine is currently in the phase of exploration. We have applied for the extension of the exploration license and the granting of mining license. It is expected that the mining license will be granted in the first quarter of 2009.

As certified by a registration certificate of mining energy reserve issued by the Land Resource Bureau of Hebei Province dated 12th April 2006, the basic reserve of Tengfei Magnetite amounted to 1,272,000 tonnes of iron ores as at 12th April 2006. Based on the estimation set out in the geological reports completed by Geological Exploration Bureau in Hebei Province, the reserve of iron ore in the aforesaid two mines is expected to be approximately 150 million tonnes in aggregate. The construction of the roads to facilitate mining, the works on office facilities and the works on improving the facilities for supply of water and electricity for Tengfei Magnetite have been completed. The Tengfei Magnetite started commercial production in June 2008 and will enable the Group to generate more recurring income and thus strengthen the income base of the Group.

PROSPECTS

Diversification continued to be the major development strategy of the Group to broaden the Group's income stream and to reduce the Group's reliance on the engineering business areas.

During 2007, China had repeatedly raised the deposit reserve ratio and the lending interest rates, with the monetary policy changed from a stable one to a considerably tightening one. The national economy demonstrated a sound trend of rapid growth, optimized structure and increased efficiency, with a GDP growth of 11.4% over the previous year. Yearly fixed asset investments of the society at large increase of 24.8% over the previous year to approximately RMB13,720 billion, with the growth rate representing a 0.9 percentage-point increase. Yearly investments in property developments amounted to approximately RMB253 billion, up 30.2% over the previous year which represents a growth rate of 8.4 percentage-points. The driven impact of investment on the national economy remained significant.

CHAIRMAN'S STATEMENT

The PRC will maintain a moderate overall growth despite certain market control measures to be launched in a continuous manner. As supported by economic conditions as well as supply and demand fundamentals, the iron ore consumption will maintain its growth momentum. Accordingly, iron production growth remained rapid but the growth rate has moderated. It is expected that the iron ore price will stay at high level.

The completion of the aforesaid acquisition will provide the Group with an immediate stream of revenue and cash flow, and also brings in a team of experts in the mining industry which will strengthen our operational capabilities in mining activities. Given the continuing increase in the demand and application of iron ore and related resources for the development of China over the couple of years, we are confident that the investment will produce considerable return to the Group in the future.

The Group will continue its search for other opportunities in order to build a portfolio of strong mining business with an emphasis on high value added products. This is crucial for the Group's transformation into a substantial participant and ultimately a leading player in the mining sector.

APPRECIATION

Finally, for and on behalf of the Group and the Board, I would like to express my heartfelt thanks to our shareholders and customers for their enduring support and to all my colleagues for their dedication and hard work throughout the year. Your dedication and involvement will be the most valuable asset for the growth of the Group.

He Changming
Chairman

25th July 2008

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND OPERATING REVIEW

The turnover of the Group for the year ended 31st March 2008 recorded a decrease of approximately 70.1% as compared with last year. Approximately 63.0% (2007: 82.1%) of the turnover was attributed to the provision of engineering system contracting services. The remaining portion was attributed to sales of consumable and spare parts. The sharp decrease in turnover was mainly resulted from the shrinkage of the markets in Hong Kong, the PRC and the Southeast Asia.

The Group incurred a net loss of HK$44.6 million in 2008 (2007: a net loss of HK$83.2 million). It was mainly resulted from the significant reduction in impairment loss recognised in respect of trade and other receivables.

USE OF IPO PROCEEDS

The net proceeds for the issuance of new shares by the Company in June 2005 were approximately HK$49.6 million. As at 31st March 2008, net proceeds were utilized in the following manner:

Net proceeds	Intended use of proceeds as stated in the Company's announcement of 29th March 2007	Actual use of proceeds
Approximately HK$49.6 million	Approximately HK$9.5 million to finance the formation of business alliances.	Approximately HK$8.3 million was used to finance of the formation of business alliances. As no suitable business partner was identified by the Group, the Group utilized approximately HK$1.2 million as general working capital.
	Approximately HK$2 million to finance the expansion of existing subsidiaries and formation of new subsidiaries	Approximately HK$2 million was used to finance of the expansion of existing subsidiaries and formation of new subsidiaries.
	Approximately HK$0.1 million to finance expansion of communication network	Approximately HK$0.1 million was used to finance expansion of communication network

MANAGEMENT DISCUSSION AND ANALYSIS

Net proceeds	Intended use of proceeds as stated in the Company's announcement of 29th March 2007	Actual use of proceeds
	Approximately HK$15 million to repay of revolving term loan	Approximately HK$15 million was used to repay of revolving term loan
	Approximately HK$3.6 million to finance the expansion of research capabilities	Approximately HK$3.6 million was used to finance the expansion of research capabilities
	The balance of approximately HK$19.4 million as additional general working capital of the Group	Approximately HK$19.4 million was used as general working capital of the Group

CAPITAL STRUCTURE

Pursuant to a placing agreement dated 6th February 2007 (the "Placing Agreement"), 30 million ordinary shares of HK$0.10 each of the Company were issued on 26th February 2007 at the price of HK$1.05 per share for cash to not fewer than six independent private investors.

On 27th April 2007, the over-allotment option granted pursuant to the Placing Agreement was exercised in full, 30 million ordinary shares of HK$0.10 each of the Company were issued on 11th May 2007 at the price of HK$1.05 per share for cash and placed by placing agent to not fewer than six professional, institutional and/or private investors, all of who are independent of and not connected with the directors, chief executive or substantial shareholders of the Company and of its subsidiaries or any associates of them in order to enlarge the shareholder base of the Company and strengthen the Group's financial position. The proceeds were intended to be used for the general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

On 18th June 2007, the Company, Polestar Assets Limited (the "Vendor") and the placing agent entered into the placing agreement (the "June Placing Agreement") and the Vendor and the Company entered into the conditional agreement in relation to the subscription for the new shares up to 50 million (the "Subscription Agreement"). Pursuant to the June Placing Agreement, the placing agent has agreed to procure, on a best effort basis, purchase for up to 50 million existing ordinary shares of par value HK$0.10 each in the capital of the Company ("Tranche 1 Placing Shares") held by the Vendor (with unlisted transferable warrants to be constituted by an instrument by way of deed poll to be executed by the Company and to be issued in units of HK$3.30 each entitling holders to subscribe for fully paid shares at the initial exercise price of HK$3.30 per share (subject to adjustment) ("Warrants"), if applicable). Subject to the fulfillment or waiver (as applicable) of the conditions precedent for placing up to 100 million new shares issuable by the Company ("Tranche 2 Placing") (with Warrants) pursuant to the June Placing Agreement, Warrants will then be issued to the places to whom the Tranche 1 Placing Shares may or may not be accompanied by Warrants issuable to the places subsequent to the completion of the Tranche 1 Placing.

On 22nd August 2007, the subscription of 50 million shares by the Vendor pursuant to the Subscription Agreement at HK$2.0 per share was completed. The purpose was to broaden the shareholder and capital base of the Company and strengthen its financial position. The proceeds were intended to be used for general working capital and, if the Company was able to acquire the iron ore mining business as described in its announcement dated 14th June 2007, development of iron ore mining business and relevant investment project(s) opportunity.

On 28th September 2007, the Company and the placing agent agreed in writing to extend the long stop date for the Tranche 2 Placing to 31st December 2007. All other provisions of the Placing Agreement have remained unchanged.

On 31st December 2007, the Company and the placing agent agreed in writing to further extend the long stop date for the Tranche 2 Placing to 31st March 2008. All other provisions of the Placing Agreement remained unchanged.

On 31st March 2008, the Company and the placing agent agreed in writing to further extend the long stop date for the Tranche 2 Placing to 30th September 2008.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations through a combination of shareholders equity, new issue of shares, internally generated cash flows and bank borrowings. As at 31st March 2008, the Group had cash and cash equivalent of approximately HK$86.3 million (2007: HK$44.6 million) and nil interest-bearing bank borrowings (2007: HK$31.7 million). The Group's current ratio was 1.8 (2007: 1.2) and the ratio of total liabilities to total assets was 42.7% (2007: 73.0%).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

On 7th December 2007, the Company and Citywin Pacific Limited ("Citywin") entered into an agreement in relation to the acquisition of the entire equity interest in Qingdao Yongxinhui Mining Company Limited ("Acquisition Agreement"). The consideration for the acquisition was HK$130 million, which was satisfied by the Company as (a) HK$30 million in cash; and (b) HK$100 million shall be satisfied by the issue of convertible bonds to Citywin (or such other person as it may direct in writing) upon completion. As at 31st March 2008, HK$30,000,000 was paid and the remaining HK$100 million convertible bonds have yet to be issued.

CONTINGENT LIABILITIES

Except for the bank guarantee of approximately HK$1,227,000 (2007: HK$406,000) granted to secure the performance in the provision of engineering systems contracting services, the Group had no material contingent liabilities as at 31st March 2008.

MORTGAGES AND CHARGES

As at 31st March 2008, the Group did not have outstanding mortgage loan (2007: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31st March 2008, the Group employed a work force of 90 staff. Remuneration for employee including medical benefits and staff quarters which are determined based on industry practice, the performance and working experience of the employees and the current market conditions. During the year, the total staff costs amounted to HK$24.4 million (2007: HK$21.9 million).

The Company adopted a pre-IPO share option scheme on 30th March 2005 for the purposes of providing incentives and rewards to eligible participants who have contributed to the success of our operations. As at 31st March 2008, 3,666,000 pre-IPO share options remained outstanding. Particulars of it are set out in note 29 to the consolidated financial statements.

FOREIGN EXCHANGE EXPOSURE

The majority of the transactions of the Group are denominated in USD, EURO, and JPY. The Group has not entered into any financial instruments for the purpose of hedging against foreign exchange exposure involved in the Group's operations. However, the Group monitors its foreign exchange exposure by matching the timing of its trading receipts with payments. The Group also matches its selling currencies with its purchasing currencies.

MANAGEMENT DISCUSSION AND ANALYSIS

POST BALANCE SHEET EVENTS

Details of the post balance sheet events of the Group are set out in note 36 to the financial statements.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year 2008 (2007: Nil).

SUSPENSION IN TRADING OF SHARES

As the request of the Company, trading in the shares of the Company has been suspended on the Stock Exchange since 31st July 2007 and remains suspended until further notice.

BIOGRAPHY OF DIRECTORS

EXECUTIVE DIRECTORS:

Ms. Katherine Chan Way Kay, aged 49, was appointed as an Executive Director and Chief Executive Officer in September 2007. Ms. Chan is responsible for formulating the overall business strategy and direction of business development and overseeing the entire operations of the Group.

Ms. Chan holds a Bachelor degree of Business Administration from the University of Southern California. Ms. Chan has been involved in the financial services industry for over 19 years and holds type 1 & 2 licenses under the SFO. She has extensive experience in supervising initial public offers and other fund raising exercises conducted by listed companies in Asia. Prior to joining the Company, Ms. Chan was the deputy managing director of subsidiary of a listed company in Hong Kong.

Ms. Zuo Lihua, aged 47, was appointed as an Executive Director in April 2007. Ms. Zuo is responsible for the Group's business and investment project development. Prior to joining the Group, Ms. Zuo was a marketing director of a listed company in Hong Kong, responsible for business and marketing development of the greater China region and she had also held position in Institute of Automation Chinese Academy of Sciences and Zhongke Software Group. Ms. Zuo graduated from the China Youth Political Institute and Communist Party Central Academy Research Institute, and holds professional master research degree in economic management.

NON-EXECUTIVE DIRECTOR:

Mr. He Changming, aged 67, was appointed as a Non-executive Director and Chairman in June 2007 and October 2007 respectively. Mr. He was the general manager of Jiangxi Copper Corporation and chairman of Jiangxi Copper Company Limited, a company listed on The Stock Exchange of Hong Kong Limited. Mr. He started as a junior engineer in smelting and has assumed a series of technical and managerial positions over the past 31 years in the mining and smelting business. Mr. He is a professor-grade senior engineer and graduated from Guizhou Industrial College in 1966, specializing in smelting.

BIOGRAPHY OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Lee Kin Keung, aged 48, was appointed as an Independent Non-executive Director of the Company in October 2002 and has been appointed as the Chairman of audit and remuneration committees of the Company. Mr. Lee has been a director of a company licensed to provide advisory activity on corporate finance since January 2000. Prior to the present job, Mr. Lee had worked as a manager in Deloitte Touche Tohmatsu and as group financial controller of a listed company in Hong Kong. Mr. Lee has over 14 years of experience in finance, management, auditing and accounting. He is a member of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. He was an Independent Non-executive Director of Quasar Communication Technology Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (resigned in November 2005) and also an Independent Non-executive Director of Hua Yi Copper Holdings Ltd, a company listed on the Main Board of the Stock Exchange. He holds a bachelor degree of commerce and a master degree in commerce from The University of New South Wales, Australia. He also holds a master degree of applied finance from Macquarie University, Australia.

Mr. Xu Wen An, aged 63, was appointed as an Independent Non-executive Director and a member of audit and remuneration committees of the Company in January 2008. Mr. Xu is a senior economist and a member of the Communist Party of China ("CPC"). Mr. Xu studied in the Department of Mechanical Engineering, Beijing University of Technology. From 1987 to 2003, Mr. Xu was a director and party secretary of Planning Commission for Zhang Jiakou, Hebei Province, a chief-cum-manager and CPC Committee secretary of Gold Bureau of Hebei Province (under Hebei Gold Corporation), president and secretary of China Gold News and deputy general manager and Party Committee member of China National Gold Corporation (under National Gold Bureau). He worked as deputy general manager and Party Committee member of China National Gold Group from 2003 to 2006. After his retirement at the end of 2006, he has acted as the principal consultant of Beijing Angel Investment Holding Ltd).

Mr. Stephen Bryden Kerr, aged 55, was appointed as an Independent Non-executive Director and a member of audit and remuneration committees of the Company in March 2008. Mr. Kerr graduated from the Strathclyde University with a bachelor degree in accounting and economics in 1974. He has been a C.A. member of the Institute of Chartered Accountants of Scotland since 1977. Mr. Kerr has extensive experience in the field of accounting and finance. He worked as an assistant manager in Price Waterhouse Coopers from 1977 to 1980, as a manager in Enserch Corporation, which is a U.S. Oil & Gas Co., from 1981 to 1987 and as research manager in Morgan Grenfell (Asia) Limited from 1987 to 1990. He was the group finance and commercial director of the Aquarius Group from 1990 to 2003. He has been a director of AFL Limited, which is engaged in the freight and transportation business since 2004.

CORPORATE GOVERNANCE REPORT

CODE OF BEST PRACTICE AND CODE ON CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company (the "Board") is committed to maintaining high standards of corporate governance. It believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, maintain high standards of accountability and protect interests of shareholders and other stakeholders.

The Company has complied with all the 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 (the "Listing Rules") of the Stock Exchange of Hong Kong Limited throughout the year ended 31st March 2008 except for the certain deviations disclosed herein.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules of the Stock Exchange. The Company had made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they had fully complied with the required standard set out in the Model Code.

BOARD OF DIRECTORS

The Board is collectively responsible for the formulating of the Group's overall strategy, reviewing and monitoring the business performance of the Group, preparing and approving financial statements, recommending the directors' appointment or re-appointment, considering and approving material contracts and transaction as well as other significant policy and financial matters. The Board also gives clear directions as to the powers delegated to the management for the day-to-day operation and administration function of the Group.

During the fiscal year, the Board comprises 11 members, including Chairman, 4 executive directors, 2 non-executive director and 5 independent non-executive directors. One of the independent non-executive directors has relevant financial management expertise required by the Listing Rules.

The Board schedules at least 4 meetings a year and also meets as and when required. During the year, the Board held 11 regular meetings.

The members of the board and the attendance of each member are as follows:–

Directors	**Number of attendance**
Executive Directors	
Ms. Katherine Chan Wai Kay *(CEO)* (appointed on 28th September 2007)	8/11
Ms. Zuo Lihua (appointed on 30th April 2007)	10/11
Ms. Hsieh Ming Chiu (resigned on 16th October 2007)	4/11
Mr. Chang Ei Eu (resigned on 5th November 2007)	5/11
Non-executive Directors	
Mr. He Changming *(Chairman)* (appointed on 22nd June 2007)	9/11
Mr. Chow Kin Ming (retired on 8th April 2008)	7/11
Independent Non-executive Directors	
Mr. Lee Kin Keung	9/11
Mr. Xu Wen An (appointed on 22nd January 2008)	3/11
Mr. Stephen Bryden Kerr (appointed on 14th March 2008)	2/11
Dr. Lam Chun Kong (retired on 8th April 2008)	8/11
Ms. Tung Pui Man (resigned on 15th January 2008)	8/11

Given the nature and business objective of the Company, the Board has a balance of skill and experience appropriate for requirements of the business of the Company. The list of directors and their respective biographies are set out on page 12 to 13 of this annual report respectively.

CHAIRMAN AND CHIEF EXECUTIVE DIRECTOR

Mr. He Changming is the Chairman of the Board and Ms. Katherine Chan Wai Kay is the Chief Executive Officer ("CEO") of the Company. The roles of the Chairman and the CEO are two distinctively separate positions. The Chairman is responsible for providing leadership for the Board of Directors and ensuring that the Board of Directors works effectively. The CEO is responsible for the Group's business development and management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Under the Code Provisions A.4.1, independent non-executive director should be appointed for a specific term and every Director should be subject to retirement by rotation at least once every three years and being eligible, offer themselves re-election a the forthcoming annual general meeting.

The existing three independent directors of the Company are appointed for a term of one year commencing from 22nd January 2008 and 14th March 2008 respectively or for a term of three years commencing from 10th June 2006 pursuant to the respective letters of appointment, provided that party may terminate such appointment at any time by giving at least one month's notice in writing to the other.

There is no specific terms for the appointment of the Non-executive Director of the Company. However, he is subject to retirement by rotation at each annual general meeting of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance is no less exacting than that in the Code.

The Company has received from each Independent Non-executive Director an annual confirmation for the year ended 31st March 2008 of his/her independence pursuant to the Listing Rules. The Company considers the three independent Non-executive Directors are independent.

REMUNERATION COMMITTEE

The Remuneration Committee has been established. It currently consists three independent non-executive directors of the Company namely Mr. Lee Kin Keung (as Chairman), Mr. Xu Wen An and Mr. Stephen Bryden Kerr.

The responsibilities of our Remuneration Committee are:

1. To make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management;

2. To have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management;

3. To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

4. To review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office;

5. To review and approve compensation arrangements relating to dismissal or removal of directors; and

6. To ensure that no director or any his associate is involved in deciding his own remuneration.

The Company had adopted written terms of reference for the Remuneration Committee, which clearly defined the role, authority and function of the Remuneration Committee.

There were 2 Remuneration Committee meetings held for the year ended 31st March 2008. The following was the attendance record of the Remuneration Committee meetings held during the year:–

Remuneration Committee Members	Number of attendance
Mr. Lee Kin Keung	2/2
Mr. Xu Wen An (appointed on 22nd January 2008)	1/2
Mr. Stephen Bryden Kerr (appointed on 14th March 2008)	1/2
Dr. Lam Chun Kong (retired on 8th April 2008)	2/2
Mr. Chow Kin Ming (retired on 8th April 2008)	1/2

The remuneration packages of the Board for the year ended 31st March 2008 had been reviewed by the Remuneration Committee and approved by the Board by taking into consideration factors such as salaries paid by comparable companies, time commitment, responsibility, market conditions elsewhere in the Group and desirability of performance-based remuneration.

NOMINATION COMMITTEE

The Company has not established a Nomination Committee. The duties and functions of the Nomination Committee recommended in the Code are performed by the Board collectively with no director being involved in fixing his/her own terms of appointment and no independent non-executive director being involved in assessing his/her own independence.

AUDITOR'S REMUNERATION

During the year, the remuneration paid to the Company's auditors, SHINEWING (HK) CPA Limited, is set out below:

	HK$'000
Services rendered:	
– audit fee paid for the fiscal year ended 31st March 2008	850
– non-audit service	270
	1,120

AUDIT COMMITTEE

The Audit Committee has been established. It currently consists of three independent non-executive directors namely Mr. Lee Kin Keung (as Chairman), Mr. Xu Wen An and Mr. Stephen Bryden Kerr.

The main responsibilities for the Audit Committee are:

1. To review the accounting principles and practices adopted by the Group;

2. To review the financial reporting process and internal control system of the Group; and

3. To review the independence and objectivity of the external auditors, the scope of audit services and related audit fees payable to the external auditors.

The Company has adopted written terms of reference for the Audit Committee, which clearly defined the role, authority and function of the Audit Committee.

There were 4 Audit Committee meetings held for the year ended 31st March 2008. The following was the attendance record of the Audit Committee meetings held during the year:

Audit Committee Members	**Number of attendance**
Mr. Lee Kin Keung	4/4
Mr. Xu Wen An (appointed on 22nd January 2008)	1/4
Mr. Stephen Bryden Kerr (appointed on 14th March 2008)	1/4
Dr. Lam Chun Kong (retired on 8th April 2008)	3/4
Ms. Tung Pui Man (resigned on 15th January 2008)	2/4

The Audit Committee has reviewed the independence and objectivity of the external auditors, the scope of audit services and related audit fees payable to the external auditors for the Board's approval. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters including the review of the Group's audited result for the year ended 31st March 2008.

The Chairman of the Audit Committee, Mr. Lee Kin Keung, possess relevant financial management expertise and meets the requirements of rule 3.21 of the Listing Rules.

ACCOUNTABILITY

The directors are responsible for overseeing the preparation of accounts of each financial period, which gives a true and fair view of the state of affairs of the Company and the Group and of the Group's results and cash flow for the period. In preparing the financial statements for the year ended 31st March 2008, appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants which are pertinent to its operations and relevant to the financial statements on the going concern basis. The Company has received acknowledgements from all directors of their responsibility for preparing the financial statements. It is the responsibility of the auditors to form an independent opinion, based on their audit, on these financial statements and to report their opinion to the members of the Company, as a body, and for no other purpose.

INTERNAL CONTROL

The Board has, through the Audit Committee, conducted interim and annual review of the effectiveness of the internal control system of the Group covering the financial, operational, procedural compliance and risk management functions. The internal control system is designed to provide reasonable, but not absolute, assurance of no material misstatement or loss and to manage rather than eliminate risks of failure in operational system and achievements of the Group's objectives.

In addition, the Company has engaged an independent professional firm to conduct a detailed corporate governance and internal control assessment of the Group to ensure that sound and effective internal controls are in force within the Group. The professional firm completed a report on 21st July 2008 and stated that there is no significant weakness discovered from the overall internal control system of the Group.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognizes the importance of good communications with all shareholders. Extensive information on the Company's activities is provided in the annual and interim reports, which are sent to shareholders. The Company's annual general meeting is a valuable forum for the Board to communicate directly with the shareholders. The Chairman of the Board, the Chief Executive Officer as well as the Chairman of the Audit Committee and Remuneration Committee are present to answer shareholders' questions.

DIRECTORS' REPORT

The Directors are pleased to present their annual report together with the audited financial statements of China Jin Hui Mining Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31st March 2008.

PRINCIPAL ACTIVITIES

As at 31st March 2008, the Company acts as an investment holding company. The principal activities of the Group are the provision of engineering systems contracting services and sales of related consumable and spare parts. The nature of the principal activities of the Group has not been changed during the year.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out on page 35.

The Directors do not recommend the payment of any dividend in respect of the year ended 31st March 2008.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 37.

DISTRIBUTABLE RESERVES

As at 31st March 2008, the Company had no reserve available for distribution as calculated in accordance with the Companies Law (2007 Revision) of the Cayman Islands. Under the laws of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

FINANCIAL SUMMARY

A summary of the financial results and position of the Group for the last five financial years is set out on page 90.

PROPERTY, PLANT AND EQUIPMENT

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

DIRECTORS' REPORT

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 38 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements of the Company's share capital during the year are set out in note 28 to the consolidated financial statements.

SHARE OPTION SCHEMES

A pre-IPO share option scheme and another share option scheme were approved and adopted by the Company on 30th March 2005 and 20th May 2005 respectively. Particulars of these share options are set out in note 29 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors

Ms. Katherine Chan Wai Kay *(CEO)* (appointed on 28th September 2007)
Ms. Zuo Lihua (appointed on 30th April 2007)
Ms. Hsieh Ming Chiu (resigned on 16th October 2007)
Mr. Chang Ei Eu (resigned on 15th November 2007)

Non-executive Directors

Mr. He Changming *(Chairman)* (appointed on 22nd June 2007)
Mr. Chow Kin Ming (retired on 8th April 2008)

Independent Non-executive Directors

Mr. Lee Kin Keung
Mr. Xu Wen An (appointed on 22nd January 2008)
Mr. Stephen Bryden Kerr (appointed on 14th March 2008)
Dr. Lam Chun Kong (retired on 8th April 2008)
Ms. Tung Pui Man (resigned on 15th April 2008)

DIRECTORS' REPORT

In accordance with Clause 87 of the Company's Articles of Association, Mr. Stephen Bryden Kerr, Ms. Zuo Lihua and Mr. He Changming will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Ms. Zuo Lihua has entered into a service contract with the Group commencing from 30th April 2007 for an initial term of two years, being terminable by not less than a 3-month notice in writing served by either party, and will be continued thereafter.

Ms. Katherine Chan Wai Kay has entered into director's service contract with the Company respectively for a term of one year commencing from 28th September 2007, being terminable by not less than a 3-month notice in writing served by either party, and shall be continued thereafter.

Mr. Lee Kin Keung has entered into a director's service contract with the Company for a term of three years commencing from June 2006, being terminable by not less than 1-month notice in writing served by either party, and shall be continued thereafter.

Mr. Xu Wen An has entered into a director's service contract with the Company for a term of one year commencing from 22nd January 2008, being terminable by not less than 1-month notice in writing served by either party, and shall be continued thereafter.

Mr. Stephen Bryden Kerr has entered into a director's service contract with the Company for a term of one year commencing from 14th March 2008, being terminable by not less than 1-month notice in writing served by either party, and shall be continued thereafter.

The Non-executive Director, Mr. He Changming, has not entered into a service contract and has no fixed terms of service with the Company.

Apart from the foregoing, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company in respect of his/her service to the Company in the Capacity of the Director which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31st March 2008, the interests of the directors in the shares, underlying shares and debentures of the company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (the "Associated Corporations") as recorded in the register required to be kept by the company under section 352 of the SFO or as otherwise notified to the company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long position in the share of the company

	Number of shares			Number of underlying shares held under		Percentage of aggregate interests to total number
Name of director	**Personal interest**	**Family interests**	**Corporate interests**	**equity derivates**	**Total**	**of share in issue** Note 2
Chow Kin Ming	–	–	–	1,720,000 Note 1	1,720,000	0.41%

Note 1: The option granted by the Company may be exercised between 11th December 2005 to 30 March 2010 (both days are inclusive) with an exercise price of HK$0.65 per option. Mr. Chow Kin Ming resigned as non-executive director of the Company on 8th April 2008.

Note 2: The percentage was adjusted based on the total number of shares of the company in issue as at 31st March 2008 (i.e. 421,333,000 shares).

Save as disclosed above, as at 31st March 2008, none of the directors had any other interests or short positions in the shares, underlying shares or debentures of the company or any of its Associated Corporations which had been entered in the register kept by the company pursuant to Section 352 of the SFO or as otherwise notified to the company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than disclosed above under "Directors' interest in shares, underlying shares or debentures", at no time during the year was the Company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of share in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executives, no any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31st March 2008, so far as is known to the Directors of the Company, the persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the registers maintained by the Company pursuant to Section 336 of the SFO Ordinance and/or as notified to the Company were as follows:

Ordinary shares of HK$0.1 each of the Company

Name of Shareholder	Type of interest	Number of Shares	Number of underlying shares held under equity derivates	Approximate percentage of total issued Shares*
Chang Ei Eu (Note 1)	Corporate	171,360,000 (L)	–	40.67%
		70,000,000 (S)	–	16.61%
Hsieh Ming Chiu (Note 1)	Family	171,360,000 (L)	–	40.67%
		70,000,000 (S)	–	16.61%
Polestar Assets Limited (Note 1)	Beneficial	171,360,000 (L)	–	40.67%
		70,000,000 (S)	–	16.61%
Cheah Company Limited (Note 2)	Corporate	50,000,000 (L)	12,500,000 (L)	14.83%

Name of Shareholder	Type of interest	Number of Shares	Number of underlying shares held under equity derivates	Approximate percentage of total issued Shares*
Cheah Capital Management Limited (Note 2)	Corporate	50,000,000 (L)	12,500,000 (L)	14.83%
Hang Seng Bank Trustee International Limited (Note 2)	Trustee	50,000,000 (L)	12,500,000 (L)	14.83%
Cheah Cheng Hye (Note 2)	Corporate	50,000,000 (L)	12,500,000 (L)	14.83%
Value Partners Limited (Note 2)	Investment Manager	50,000,000 (L)	12,500,000 (L)	14.83%
Value Partners Group Limited (Note 2)	Corporate	50,000,000 (L)	12,500,000 (L)	14.83%
To Hau Yin (Note 2)	Family	50,000,000 (L)	12,500,000 (L)	14.83%
American International Group., Inc ("AIG") (Note 3)	Investment Manager	55,000,000 (L)	–	13.05%
Citywin Pacific Limited (Note 4)	Beneficial	–	105,000,000 (L)	24.92%

Name of Shareholder	Type of interest	Number of Shares	Number of underlying shares held under equity derivates	Approximate percentage of total issued Shares*
Liu Yong (Note 4)	Beneficial	–	105,000,000 (L)	24.92%
Wong Woon Hing (Note 5)	Corporate	70,000,000 (L)	–	16.61%
Oriental Gem Group Limited (Note 5)	Beneficial	70,000,000 (L)	–	16.61%

(L): long position, (S) = short position.

Notes:

1. These Shares represent the Shares directly held by Polestar Assets Limited at 31st March 2008, Polestar Assets Limited was held as to 80% by Mr. Chang Ei Eu, and as to the remaining 20% by Ms. Hsieh Ming Chiu, the wife of Mr. Chang Ei Eu. Each of Mr. Chang Ei Eu and Ms. Hsieh Ming Chiu were therefore taken to be interested in these Shares under Part XV of the SFO.

2. These Shares represent the Shares that Value Partners Limited will hold after the completion of a placing of Shares and full exercise of a warrant, details of which were disclosed in the circular of the Company dated 25th July 2007. Hang Seng Bank Trustee International Limited, the trustee of the C H Cheah Family Trust, has 100% control of Cheah Company Limited, which has 100% control of Cheah Capital Management Limited, which has 35.65% control of Value Partners Group Limited, which in turn has 100% control of Value Partners Limited. Mr. Cheah Cheng Hye is the founder of C H Cheah Family Trust. Ms. To Hau Yin is the spouse of Mr. Cheah Cheng Hye. They are all deemed to be interested in the interest to be held by Value Partners Limited pursuant to the SFO.

3. The 50,000,000 Shares in the 55,000,000 Shares represent the Shares that will be issued to AIG upon completion of a placing of Shares, details of which were disclosed in the circular of the Company dated 25th July 2007. Pursuant to the form of disclosure of interests filed by AIG dated 6th July 2007, AIG acquired on market 5,000,000 Shares on 3rd July 2007. The interest here is directly held by AIG Global Investment Corp. (Asia) Limited, which is 100% controlled by American International Assurance Company (Bermuda) Limited, which in turn is 100% controlled by American International Reinsurance Company, Limited, which in turn is 100% controlled by AIG Life Holdings (International) LLC, which in turn is 100% controlled by American International Group, Inc.

4. These Shares include the 50,000,000 conversion Shares issuable pursuant to the exercise of a convertible bond and the 55,000,000 Shares to be subscribed by Citywin Pacific Limited, details of the transaction were disclosed in a circular of the Company dated 31st January 2008. Citywin Pacific Limited is owned as to 42.5% by Liu Yong and as to 7.5% and 50% by two other PRC individuals respectively.

5. These Shares represent Shares directly held by Oriental Gem Group Limited as at 31st March 2008. Oriental Gem Group Limited is held as to 100% by Wong Woon Hing.

* The percentage has been adjusted based on the total number of shares of the company in issue as at 31st March 2008 (i.e. 421,333,000 shares)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Directors of the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules, during the period under review. Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There were no contracts of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, subsisting at the end of the year or at any time during the year, and in which a Director or the controlling shareholders or any of their respective subsidiaries, directly or indirectly, had a material interest.

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

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March 2008, the aggregate amount of turnover attributable to the Group's five largest customers accounted for approximately 48.6% of the Group's total turnover and the turnover attributable to the Group's largest customer accounted for approximately 25.5% of the Group's total turnover.

The aggregate amount of purchase attributable to the Group's five largest suppliers accounted for approximately 39.4% of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 13.4% of the Group's total purchases.

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers and customers.

DIRECTORS' REPORT

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year, none of the Director of the Company had interest in any business apart from the Group's businesses which competed or was likely to compete, either directly or indirectly, with the businesses of the Group.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on page 14 to 20 of this Annual Report.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company maintained the prescribed public float with the Listing Rules throughout the year ended 31st March 2008.

CONNECTED TRANSACTION

During the year, the Company did not have any connected transactions under the Listing Rules.

DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31st March 2008.

PURCHASE, SALE OF REDEMPTION OF LISTED SECURITIES

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

DIRECTORS' REPORT

POST BALANCE SHEET DATE EVENTS

Details of the significant post balance sheet events are set out in note 36 to the consolidated financial statements.

AUDITORS

Messrs. Deloitte Touche Tohmatsu, who acted as auditors for past years resigned as auditors of the Company for the financial year ended 31st March 2007. SHINEWING (HK) CPA Limited were appointed to fill the casual vacancy.

The consolidated financial statements for the year were audited by SHINEWING (HK) CPA Limited, who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

He Changming
Chairman

25th July 2008

INDEPENDENT AUDITOR'S REPORT

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

TO THE SHAREHOLDERS OF CHINA JIN HUI MINING CORPORATION LIMITED
中國金匯礦業有限公司
(FORMERLY KNOWN AS LINFAIR HOLDINGS LIMITED 福茂控股有限公司)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Jin Hui Mining Corporation Limited (formerly known as Linfair Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 89, which comprise the consolidated balance sheet as at 31st March 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except as described in the basis for qualified opinion paragraph, 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.

INDEPENDENT AUDITOR'S REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 assessment, the auditor considers internal control relevant to the entity's preparation 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.

BASIS FOR QUALIFIED OPINION

Our report on the consolidated financial statements of the Group for the year ended 31st March 2007 was disclaimed in view of the significance of the limitations on the scope of our audit resulting from insufficiency of supporting documentation and explanations. Accordingly, we were unable to express an opinion as to whether the net assets of the Group as at 31st March 2007 and the loss and cash flows and the related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31st March 2007 were fairly stated.

In summary, the scope limitations included the followings:

i) Insufficient information which prevented us from satisfying as to the validity and accuracy in respective of the turnover of approximately HK$105,300,000 and cost of contract works of approximately HK$99,044,000 in relation to the sale and installation of the production system (the "Transaction") as included in the consolidated income statement;

ii) Insufficient information which prevented us from satisfying as to a) the accuracy of the impairment loss of approximately HK$19,899,000 made on the trade receivable in relation to the Transaction ("Trade Receivables") and whether the Trade Receivables in the consolidated balance sheet were fairly stated; and b) the existence and accuracy in respect of the trade payables in relation to the Transaction of approximately HK$14,873,000 ("Trade Payables") and whether there are any unrecorded liabilities as at the balance sheet date;

iii) Insufficient information which prevented us from satisfying as to the existence, accuracy, recoverability of the other receivables of approximately HK$1,575,000 ("Other Receivables") included in the other receivables, deposits and prepayments and whether there are any commitments should be disclosed at the balance sheet date; and

iv) Insufficient information which prevented us from satisfying as to the nature and accuracy of the receipt of HK$1,563,000 ("Receipt") included in the other payables and accrued charges in the consolidated balance sheet and whether there are any unrecorded financial obligations in respect thereof at the balance sheet date.

Any adjustments found to be necessary to the opening balances as at 1st April 2007 may affect the net assets of the Group as at 31st March 2008 and the loss and cash flows and the related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31st March 2008. Also the comparative figures in respect of the net assets of the Group as at 31st March 2007 and the loss and cash flows and the related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31st March 2007 may not be comparable with the figures for the current year.

On 25th March 2008, the directors of the Company resolved to dispose of its entire equity interests in Linfair Engineering Company Limited ("LEC"), a wholly-owned subsidiary of the Company. The assets and liabilities attributable to LEC, which is expected to be sold within twelve months, have been classified as subsidiary held-for-sales as disclosed in Note 24 to the consolidated financial statements as at 31st March 2008. The Transaction was carried out by LEC in 2007 and the Trade Receivables and Other Receivables as stated in items (ii) and (iii) above were classified as subsidiary held-for-sales-assets. The Trade Payables and Receipt as stated in items (ii) and (iv) above were classified as liabilities associated with assets classified as subsidiary held-for-sales as at 31st March 2008.

For the year ended 31st March 2008, in respect of the items (ii) to (iv) stated above, we were still unable to obtain sufficient documents to review and there were no alternative audit procedures that we could adopt to satisfy ourselves as to whether items (ii) to (iv), as included in subsidiary held-for-sales-assets and liabilities associated with assets classified as subsidiary held-for-sales, were fairly stated in the consolidated balance sheet and free from material misstatement.

In addition, we were also unable to ascertain whether the financial position of LEC as at 31st March 2008 have been properly reflected in the consolidated financial statements and whether there were any unrecorded liabilities and commitments existed at the balance sheet date. We were unable to quantify the impact on the consolidated financial statements as at 31st March 2008.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

In our opinion, except for any adjustments that might have been found to be necessary had we been able to satisfy ourselves as to the matters described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31st March 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Ip Yu Chak
Practising Certificate Number: P04798

Hong Kong
25th July 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2008

	Notes	**2008** **HK$'000**	2007 HK$'000
Turnover	7	**89,064**	297,802
Cost of contract works		**(45,903)**	(206,233)
Cost of sales		**(24,666)**	(59,597)
Gross profit		**18,495**	31,972
Other income	8	**7,879**	6,946
Selling and distribution expenses		**(1,163)**	(2,213)
Administrative expenses		**(52,357)**	(44,738)
Impairment loss recognised in respect of trade and other receivables		**(11,667)**	(72,845)
Impairment loss recognised in respect of inventories		**(5,265)**	(565)
Finance costs	9	**(564)**	(1,386)
Loss before tax		**(44,642)**	(82,829)
Income tax credit (expense)	10	**78**	(381)
Loss for the year	11	**(44,564)**	(83,210)
Loss per share			
– Basic	13	**(11.20) cents**	(27.41) cents
– Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

As at 31st March 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	15	**18,267**	16,486
Prepaid lease payments	16	**779**	799
Available-for-sale investment	17	**–**	1,103
Investment in convertible note	18	**–**	1,170
Deposit paid for acquisition of a subsidiary	19	**30,000**	–
		49,046	19,558
Current assets			
Inventories	20	**3,870**	8,902
Prepaid lease payments	16	**20**	20
Trade and bills receivables	21	**11,536**	61,110
Other receivables, deposits and prepayments	22	**40,207**	19,428
Tax recoverable		**493**	515
Pledged bank deposits	23	**3,000**	6,750
Bank balances and cash	23	**86,257**	44,562
		145,383	141,287
Subsidiary held-for-sales – assets	24	**24,458**	–
Current liabilities			
Trade and bills payables	25	**24,122**	61,685
Other payables and accrued charges	26	**41,513**	23,789
Bank borrowings – due within one year	27	**–**	31,706
		65,635	117,180
Liabilities associated with assets classified as subsidiary held-for-sales	24	**27,805**	–
Net current assets		**76,401**	24,107
Total assets less current liabilities		**125,447**	43,665
Capital and reserves			
Share capital	28	**42,133**	33,821
Reserves		**83,193**	9,614
		125,326	43,435
Non-current liability			
Deferred tax liabilities	30	**121**	230
		125,447	43,665

The consolidated financial statements on pages 35 to 89 were approved and authorised for issue by the board of directors on 25 July 2008 and are signed on its behalf by:

KATHERINE CHAN WAI KAY
DIRECTOR

ZUO LIHUA
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the year ended 31st March 2008

	Share capital HK$'000	Share premium HK$'000	Merger Reserve HK$'000 (Note)	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Retained profits (accumulated losses) HK$'000	Total HK$'000
At 1st April 2006	30,000	40,981	(14,990)	502	(1,242)	29,823	85,074
Exchange difference arising on translation of foreign operations	–	–	–	–	7,679	–	7,679
Change in fair value of available-for-sale investment	–	–	–	(2,548)	–	–	(2,548)
Net expenses recognised directly in equity	–	–	–	(2,548)	7,679	–	5,131
Loss for the year	–	–	–	–	–	(83,210)	(83,210)
Total recognised expenses for the year	–	–	–	(2,548)	7,679	(83,210)	(78,079)
Shares issued under Pre-IPO share option scheme (Note 28(a))	821	4,514	–	–	–	–	5,335
Shares issued pursuant to placement (Note 28(b))	3,000	28,500	–	–	–	–	31,500
Expenses on placement	–	(395)	–	–	–	–	(395)
At 31st March 2007 and 1st April 2007	33,821	73,600	(14,990)	(2,046)	6,437	(53,387)	43,435
Exchange difference arising on translation of foreign operations	–	–	–	–	(5,578)	–	(5,578)
Net expenses recognised directly in equity	–	–	–	–	(5,578)	–	(5,578)
Loss for the year	–	–	–	–	–	(44,564)	(44,564)
Total recognised expenses for the year	–	–	–	–	(5,578)	(44,564)	(50,142)
Shares issued under Pre-IPO share option scheme (Note 28(c))	312	1,719	–	–	–	–	2,031
Shares issued pursuant to placement (Note 28(d))	3,000	28,500	–	–	–	–	31,500
Expenses on placement	–	(397)	–	–	–	–	(397)
Shares issued pursuant to placement (Note 28(e))	5,000	95,000	–	–	–	–	100,000
Expenses on placement	–	(3,147)	–	–	–	–	(3,147)
Transfer to profit and loss on sales of available-for-sale investment	–	–	–	2,046	–	–	2,046
At 31st March 2008	42,133	195,275	(14,990)	–	859	(97,951)	125,326

Note: The merger reserve of the Group represented the difference between the nominal value of the share capital issued by the Company and the aggregate of the share capital of the subsidiaries acquired pursuant to the group reorganisation in May 2005.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 2008

	2008 HK$'000	2007 HK$'000
Operating activities		
Loss before tax	**(44,642)**	(82,829)
Adjustments for:		
Impairment loss recognised in respect of trade and other receivables	**11,667**	72,845
Bad debts written off	**518**	–
Impairment loss recognised in respect of inventories	**5,265**	565
Loss on disposal of available-for-sale investment	**1,184**	–
Loss on disposal of property, plant and equipment	**31**	–
Finance costs	**564**	1,386
Depreciation of property, plant and equipment	**4,945**	4,504
Exchange difference	**(3,884)**	8,118
Amortisation of prepaid lease payments	**20**	21
Interest income	**(2,282)**	(1,364)
Dividend income	**(15)**	(29)
Operating cash flows before movements in working capital	**(26,629)**	3,217
(Increase) decrease in inventories	**(233)**	15,822
Decrease in trade and bills receivables	**27,277**	16,477
Increase in other receivables, deposits and prepayments	**(35,019)**	(3,033)
Decrease in amounts due from customers for contract work	**–**	742
Decrease in trade and bills payables	**(18,680)**	(25,450)
Increase (decrease) in other payables and accrued charges	**26,646**	(29,498)
Cash used in operations	**(26,638)**	(21,723)
Hong Kong Profits Tax paid	**(9)**	(13)
Net cash used in operating activities	**(26,647)**	(21,736)
Investing activities		
Repayment from a director	**–**	15,697
Advancement to a director	**–**	(15,697)
Interest received	**2,502**	1,144
Purchase of property, plant and equipment	**(6,744)**	(311)
Proceeds from disposal of available-for-sale investment	**1,965**	–
Redemption received from investment in convertible note	**1,170**	–
Decrease in pledged bank deposits	**3,750**	–
Deposit paid for acquisition of a subsidiary	**(30,000)**	–
Cash on subsidiary classified as held-for-sales	**(76)**	–
Dividend received	**15**	29
Net cash (used in) from investing activities	**(27,418)**	862

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 2008

	2008	2007
	HK$'000	HK$'000
Financing activities		
Proceeds from issue of shares	**133,531**	36,835
Repayment of bank loans	**(19,200)**	(2,400)
Repayment of trust receipt loans	**(12,506)**	(95,694)
Expenses on issue of shares	**(3,544)**	(395)
Trust receipt loans raised	**–**	87,879
Interest paid	**(564)**	(1,386)
New bank loans raised	**–**	4,500
Repayment of mortgage loan	**–**	(207)
Net cash from financing activities	**97,717**	29,132
Net increase in cash and cash equivalents	**43,652**	8,258
Cash and cash equivalents at beginning of the year	**44,562**	36,747
Effect of foreign currency rate changes	**(1,957)**	(443)
Cash and cash equivalents at end of the year,		
represented by, bank balances and cash	**86,257**	44,562

1 GENERAL INFORMATION

China Jin Hui Mining Corporation Limited (the "Company"), formerly known as Linfair Holdings Limited is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law of the Cayman Islands on 8th October 2002. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" to the Annual Report.

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

The principal activity of the Company is investment holding and the principal activities of its subsidiaries (together with the Company referred to as the "Group") are set out in Note 38.

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

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1st April 2007.

Hong Kong Accounting Standard ("HKAS") 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Interpretation ("Int") 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)- Int 11	HKFRS 2 – Group and Treasury Share Transactions

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

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.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)- Int 12	Service Concession Arrangements[3]
HK(IFRIC)- Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)- Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1st January 2009.
[2] Effective for annual periods beginning on or after 1st July 2009.
[3] Effective for annual periods beginning on or after 1st January 2008.
[4] Effective for annual periods beginning on or after 1st July 2008.

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

3 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

Basis of consolidation

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

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

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes. Revenue is recognised in the consolidated income statement on the following basis:

Project revenue from digital audio broadcasting system contracting services is recognised when the outcome of the contract can be estimated reliably and the stage of completion at the balance sheet date can be measured reliably. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Revenue from provision of other engineering systems contracting services is recognised when the buyer accepts delivery, and installation and inspection are completed.

Sales of goods are recognised when goods are delivered and title has been passed.

Others

Commission, handling and service income are recognised when services are provided.

Consultancy income is recognised when services are rendered.

Dividend income from investments in listed securities is recognised when the shareholders' rights to receive payment have been established.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

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.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of item of property, plant and equipment over their estimated useful lives and after taking into accounts of their estimated residual values, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. 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 recognised as an expense immediately.

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 recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories

Inventories, including materials, parts and consumables, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Contracts

When the outcome of a contract can be estimated reliably and the stage of completion at the balance sheet date can be measured reliably, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, contract costs are charged to the consolidated income statement by reference to the stage of completion of the contract activity at the balance sheet date on the same basis as project revenue recognised.

When the outcome of a contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred. When it is probable that total contract costs will exceed project revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as an amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as an amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customers are included in the consolidated balance sheet under trade and bills 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 lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Prepaid lease payments

Prepaid lease payments represent interest in land held under operating lease arrangements and are amortised on a straight-line basis over the lease terms.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

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

Financial assets

The Group's financial assets are classified into three categories, including financial asset at fair value through profit and loss ("FVTPL"), loans and receivables and available-for-sale investment. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Investment in convertible note

Investment in convertible note is designated at fair value through profit and loss on initial recognition. At each balance sheet date subsequent to initial recognition, it is measured at fair value, with changes in fair value recognised directly in profit and loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and bills receivables, other receivables and deposits, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. (see accounting policy on impairment loss of financial assets below).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees 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 asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Available-for-sale investment

Available-for-sale investment is non-derivative that is either designated or not classified as FVTPL or loans and receivables.

At each balance sheet date subsequent to initial recognition, available-for-sale investment is measured at fair value. Changes in fair value are recognised in equity, until the investment is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss of financial assets below).

For available-for-sale equity investment that does not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivate that is limited to and must be settled by delivery of such unquoted equity instrument, it is measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss of financial assets below).

Impairment loss of financial assets

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

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment 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-organisation.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment loss of financial assets (continued)

For certain categories of financial asset, such as trade and bills receivables, other receivables and deposits, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment loss of financial assets (continued)

Impairment losses on available-for-sale equity investment will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investment, impairment loss is subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into 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 the group 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 amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, the shorter period.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and bills payables, other payables and accrued charges and bank borrowings are subsequently measured at amortised cost, using the effective interest rate 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)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. 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 recognised directly in equity is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Subsidiary held for sales

A subsidiary is classified as held-for-sales if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

A subsidiary is classified as held-for-sales is measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Borrowing costs

All borrowing costs are recognised as expenses in the period in which they are incurred.

Retirement benefit costs

Payments to state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme ("MPF") are charged as an expense when employees have rendered service entitling them to the contributions.

Equity settled share-based payment transactions

Share options granted to directors and employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Equity settled share-based payment transactions *(continued)*

Share options granted to directors and employees of the Company *(continued)*

At each balance date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option 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 recognised in share option reserve will continue to be held in share option reserve.

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 its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. 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 recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidation income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and 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 recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Depreciation

The Group's net carrying values of property, plant and equipment as at 31st March 2008 was approximately HK$18,267,000 (2007: HK$16,486,000). The Group depreciates the property, plant and equipment on a straight-line basis over the estimated useful lives of 5 to 25 years and after taking into account of their estimated residual value, using the straight-line method, at the rate of 4% to 20% per annum, commencing from the date the property, plant and equipment are placed into productive use. The estimated useful lives that the Group places the property, plant and equipment into productive use reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

Impairment loss recognised in respect of trade and other receivables

Impairment loss recognised in respect of trade and other receivables is made when there is objective evidence of impairment and is based on an assessment of the recoverability of trade and other receivables. Where the future discounted cash flow of trade and other receivables is different from the carrying amount, such difference represents allowance for doubtful debts recognised as expense in the consolidated income statement.

Impairment loss recognised in respect of inventories

The management of the Group reviews an aging analysis at each balance sheet date, and identifies the slow-moving inventory items that are no longer suitable for use in production. The management estimates the net realisable value for such finished goods based primarily on the latest invoice prices and current market conditions. In addition, the Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete items.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Estimation of foreseeable losses in respect of digital audio broadcasting systems contracts

The Group's management estimates the amount of foreseeable losses of the digital audio broadcasting systems contracts works based on the management budgets prepared for the construction works. Budgeted contract income is determined in accordance with the terms set out in the relevant contracts. Budgeted costs which mainly comprise costs of material are prepared by the management on the basis of quotations from time to time provided by the major suppliers/vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, the Group's management conducts periodic review on the management budgets by comparing the budgeted amounts to the actual amounts incurred.

5 CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value. The Group's overall strategy remains unchanged from prior year.

The Group is not subject to any externally imposed capital requirements. The capital structure of the Group consists of debts, which included the bank borrowings as disclosed in Note 27, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends and new share issues.

6 FINANCIAL INSTRUMENTS

6a) Categories of financial instruments

	2008	2007
	HK$'000	HK$'000
Financial assets		
Loan and receivables		
– Trade and bills receivables	**11,536**	61,110
– Other receivables and deposits	**38,710**	18,965
– Pledged bank deposits	**3,000**	6,750
– Bank balances and cash	**86,257**	44,562
– Investment in convertible note	**–**	1,170
	139,503	132,557
Available-for-sale investment	**–**	1,103
	139,503	133,660
Financial liabilities		
Other financial liabilities at amortised cost		
– Trade and bills payables	**24,122**	61,685
– Other payables	**36,001**	18,587
– Bank borrowings	**–**	31,706
	60,123	111,978

6 FINANCIAL INSTRUMENTS *(continued)*

6b) Financial risk management objectives and policies

The Group's principal financial instruments comprise trade and bills receivables, other receivables and deposits, pledged bank deposits, bank balances and cash, available-for-sale investment, investment in convertible note, trade and bills payables, other payables and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

i) Currency risk

Certain bank balances, bank borrowings, receivables and payables of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Sensitivity analysis

The sensitivity analysis below has been determined based assuming that the change in foreign exchange rates had occurred at the balance sheet date. The stated changes represent management's assessment of possible change in foreign exchange rates over the period until the next annual balance sheet date. Results of the analysis as presented below represent an aggregation of the effects on each of the group entities' profit and equity measured in the respective foreign currencies, translated into Hong Kong Dollar at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2007.

If exchange rate had been 5% higher/lower versus Hong Kong Dollar and all other variables were held constant, the Group's loss for the year ended 31st March 2008 would decrease/increase by approximately HK$3,014,000 (2007: increase/decrease by approximately HK$2,247,000).

ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to floating-rate roll-over bank borrowings (see Note 27 for details of these borrowings).

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For short-term floating-rate roll-over bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

There is no bank borrowing existed as at 31st March 2008.

6 FINANCIAL INSTRUMENTS *(continued)*

6b) Financial risk management objectives and policies *(continued)*

ii) Interest rate risk (continued)

Sensitivity analysis (continued)

If interest rates had been 100 basis point higher/lower and all other variables were held constant, the Group's loss for the year ended 31st March 2007 would decrease/increase by approximately HK32,000. This is mainly attributable to the Group's exposure to interest rates on its short-term fixed-rate roll-over bank borrowings.

Credit risk

The Group's principal financial assets are trade and bills receivables, other receivables and deposits, pledged bank deposits, bank balances and cash. The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st March 2008 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

The Group's credit risk is primarily attributable to its trade receivables. The Group is exposed to concentration of credit risk as a substantial portion of its sales is generated from a limited number of customers. The Group manages its credit risk by closely monitoring the granting of credit. The Group also reviews the recoverable amount of each individual trade receivable at each balance sheet date to ensure that adequate allowances are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the majority of the counterparties are banks and creditworthy financial institutions.

Liquidity risk

The Group measures and monitors its liquidity through the maintenance of prudent ratio regarding to the liquidity structure of the overall assets, liabilities, loans and commitments of the Group. The Group also maintains a healthy level of liquid assets to ensure the availability of sufficient cash flows to meet any unexpected and material cash requirements in the ordinary course of business. At 31st March 2008, the Group has bank balances and cash of approximately HK$86,257,000 (2007: HK$44,652,000).

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

6 FINANCIAL INSTRUMENTS *(continued)*

6b) Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest rate tables

	Within 1 year	Total undiscounted cashflow	Carrying amount at the year end
	HK$'000	HK$'000	HK$'000
At 31st March 2008			
Trade and bills payables	24,122	24,122	24,122
Other payables and accrued charges	41,513	41,513	41,513
	65,635	65,635	65,635
At 31st March 2007			
Trade and bills payables	61,685	61,685	61,685
Other payables and accrued charges	23,789	23,789	23,789
Bank borrowings	32,270	32,270	31,706
	117,744	117,744	117,180

6 FINANCIAL INSTRUMENTS *(continued)*

6c) Fair value

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

- the fair value 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;

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

The carrying amounts of financial assets and financial liabilities reported in the balance sheets of the Group approximate their fair values due to their immediate or short-term maturities.

7 TURNOVER AND SEGMENT INFORMATION

Turnover represents revenue generated from provision of consultancy and engineering systems contracting services and the amounts received and receivable for consumables and spare parts sold, as after sales services incidental and ancillary to the engineering systems and consultancy services, during the year.

	2008	2007
	HK$'000	HK$'000
Provision of engineering systems contracting services	**56,110**	223,800
Sales of consumable and spare parts	**32,954**	74,002
	89,064	297,802

Business Segment

For management purposes, the Group is currently organised into three operating divisions:

- Provision of engineering systems contracting services; and

- Sales of consumable and spare parts; and

- Corporate segment comprises corporate income and expense items.

Those divisions are the basis on which the Group reports its primary segments information.

7 TURNOVER AND SEGMENT INFORMATION *(continued)*

Business Segment *(continued)*

Segment information about the business segment is presented as below:

For the year ended 31st March	Provision of engineering systems contracting services # 2008 HK$'000	Provision of engineering systems contracting services # 2007 HK$'000	Sales of consumables and spare parts 2008 HK$'000	Sales of consumables and spare parts 2007 HK$'000	Corporate 2008 HK$'000	Corporate 2007 HK$'000	Consolidated 2008 HK$'000	Consolidated 2007 HK$'000
Revenue								
External sales	**56,110**	223,800	**32,954**	74,002	**–**	–	**89,064**	297,802
Segment results	**(3,804)**	(58,211)	**394**	12,872	**–**	–	**(3,410)**	(45,339)
Unallocated corporate revenue							**7,879**	6,946
Unallocated corporate expenses							**(48,547)**	(43,050)
Finance costs							**(564)**	(1,386)
Loss before tax							**(44,642)**	(82,829)
Income tax credit (expense)							**78**	(381)
Loss for the year							**(44,564)**	(83,210)

\# Amount included revenue from a consultancy project of approximately HK$2,215,000 (2007: HK$3,073,000).

7 TURNOVER AND SEGMENT INFORMATION *(continued)*

Balance Sheet

As at 31 March	Provision of engineering systems contracting services 2008 HK$'000	2007 HK$'000	Sales of consumables and spare parts 2008 HK$'000	2007 HK$'000	Corporate 2008 HK$'000	2007 HK$'000	Consolidated 2008 HK$'000	2007 HK$'000
Assets								
Segment assets	**50,979**	78,954	**7,867**	17,253	**–**	–	**58,846**	96,207
Unallocated corporate assets	**–**	–	**–**	–	**160,041**	64,638	**160,041**	64,638
							218,887	160,845
Liabilities								
Segment liabilities	**50,806**	72,282	**7,224**	6,588	**–**	–	**58,030**	78,870
Unallocated corporate liabilities	**–**	–	**–**	–	**35,531**	38,540	**35,531**	38,540
							93,561	117,410

Other information

For the year ended 31st March	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Impairment loss recognised in respect of inventories	**–**	–	**5,265**	565	**–**	–	**5,265**	565
Bad debts written off	**518**	–	**–**	–	**–**	–	**518**	–
Depreciation on property, plant and equipment	**3,880**	3,881	**545**	623	**520**	–	**4,945**	4,504
Amortisation of prepaid lease payments	**–**	–	**–**	–	**20**	21	**20**	21
Loss on disposal of available-for-sale investment	**–**	–	**–**	–	**1,184**	–	**1,184**	–
Impairment loss recognised in respect of trade and other receivables	**10,100**	71,876	**1,567**	969	**–**	–	**11,667**	72,845
Dividend income	**–**	–	**–**	–	**(15)**	(29)	**(15)**	(29)
Loss on disposal of property, plant and equipment	**31**	–	**–**	–	**–**	–	**31**	–
Capital expenditure	**1,792**	14	**4,952**	297	**–**	–	**6,744**	311

7 TURNOVER AND SEGMENT INFORMATION *(continued)*

Geographical segments

The Group's operations are principally located in Hong Kong, the other regions of People's Republic of China ("PRC"), Macau, Taiwan and Samoa and the Southeast Asia. The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market		Contribution to loss before tax	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**6,248**	68,687	**(14,755)**	(5,860)
PRC	**29,107**	54,347	**(4,764)**	(32,270)
Taiwan and Samoa	**26,882**	44,603	**(9,085)**	(862)
Southeast Asia	**3,483**	118,837	**2**	(40,149)
Macau	**22,716**	–	**330**	(722)
Others	**628**	11,328	**(16,370)**	(2,966)
	89,064	297,802	**(44,642)**	(82,829)

The following is an analysis of the carrying amount of segment assets at the balance sheet date and additions to property, plant and equipment during the year analysed by the geographical area in which the assets are located.

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**98,761**	78,268	**1,585**	173
PRC	**84,852**	55,206	**4,212**	77
Taiwan and Samoa	**24,458**	20,474	**131**	33
Southeast Asia	**73**	4,833	**8**	3
Macau	**10,466**	857	**–**	25
Others	**277**	1,207	**808**	–
	218,887	160,845	**6,744**	311

8 OTHER INCOME

	2008 HK$'000	2007 HK$'000
Interest on:		
– bank deposits	**2,261**	1,177
– convertible note	**21**	187
Total interest income	**2,282**	1,364
Commission	**310**	49
Exchange gain, net	**3,884**	2,204
Handling income	**69**	11
Dividend income	**15**	29
Service income	**1,231**	1,859
Sundry income	**88**	1,430
	7,879	6,946

9 FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interest on bank borrowings wholly repayable within five years	**564**	1,386

10 INCOME TAX (CREDIT) EXPENSE

	2008	2007
	HK$'000	HK$'000
Current tax:		
Hong Kong Profits Tax	**16**	799
Underpovision for prior years	**–**	5
Outside Hong Kong	**15**	–
	31	804
Deferred taxation (Note 30)	**(109)**	(423)
	(78)	381

The tax (credit) charge for the years can be reconciled to the loss before tax per the consolidated income statements as follows:

	2008	2007
	HK$'000	HK$'000
Loss before tax	**(44,642)**	(82,829)
Tax at the domestic income rate of 17.5% (2007:17.5%)	**(7,812)**	(14,495)
Tax effect of income not taxable for tax purpose	**(396)**	(1,285)
Tax effect of expenses not deductible for tax purpose	**4,323**	16,922
Tax effect of utilisation of tax losses previously not recognised	**(11)**	(1,231)
Tax effect on tax loss not recognised	**2,750**	105
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,068**	360
Underprovision for prior years	**–**	5
Income tax (credit) expense for the year	**(78)**	381

Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

Details of the deferred taxation are set out in Note 30.

11 LOSS FOR THE YEAR

Loss for year has been arrived after charging the following:

	2008 HK$'000	2007 HK$'000
Auditors' remuneration	**1,120**	2,539
Bad debts written off	**518**	–
Cost of inventories recognised as expense	**23,321**	57,989
Depreciation of property, plant and equipment	**4,945**	4,504
Loss on disposal of available-for-sale investment	**1,184**	–
Amortisation of prepaid lease payments	**20**	20
Loss on disposal of property, plant and equipment	**31**	–
Staff costs inclusive directors' remuneration and retirement benefits contribution	**24,371**	21,900

12 DIVIDEND

The board of directors does not recommend any payment of dividend for the year ended 31st March 2008 (2007: Nil).

13 LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	2008 HK$'000	2007 HK$'000
Loss for the year	**(44,564)**	(83,210)

Shares	Number of shares **2008**	2007
Weighted average number of ordinary shares for the purpose of basic loss per share	**398,033,601**	303,538,532

The basic loss per share is calculated based on loss attributable to equity holders of the Company of approximately HK$44,564,000 (2007: HK$83,210,000).

13 LOSS PER SHARE *(continued)*

No dilutive loss per share is presented for the two years ended 31st March 2008 and 2007 as the exercises of the potential dilutive ordinary shares would result in a reduction in loss per share.

14 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the eleven (2007: six) directors were as follows:

	Katherine Chan Wai Kay (Note 1) HK$'000	Zuo Lihua (Note 2) HK$'000	Chang Ei Eu (Note 3) HK$'000	Hsieh Ming Chiu (Note 4) HK$'000	He Changming (Note 5) HK$'000	Chow Kin Ming (Note 6) HK$'000	Lee Kin Keung HK$'000	Lam Chun Kong (Note 6) HK$'000	Tung Pui Man (Note 7) HK$'000	Xu Wen An (Note 8) HK$'000	Stephen Bryden Kerr (Note 9) HK$'000	Total HK$'000
For the year ended 31st March 2008												
Directors' fees:												
Executive	1,220	115	–	–	–	–	–	–	–	–	–	1,335
Independent non-executive	–	–	–	–	–	–	132	102	77	20	–	331
Other emoluments paid to the executive directors:												
– Salaries and other benefits	–	462	960	–	–	1,188	–	–	–	–	–	2,610
– Contributions to retirement benefit scheme	5	–	12	–	–	12	–	–	–	–	–	29
	1,225	577	972	–	–	1,200	132	102	77	20	–	4,305
For the year ended 31st March 2007												
Directors' fees:												
Executive	–	–	–	–	–	–	–	–	–	–	–	–
Independent non-executive	–	–	–	–	–	–	120	96	96	–	–	312
Other emoluments paid to the executive directors:												
– Salaries and other benefits	–	–	1,000	–	–	1,208	–	–	–	–	–	2,208
– Contributions to retirement benefit scheme	–	–	12	–	–	12	–	–	–	–	–	24
	–	–	1,012	–	–	1,220	120	96	96	–	–	2,544

Notes:

1. Appointed on 28th September 2007.

2. Appointed on 30th April 2007

14 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(continued)*

(a) Directors' emoluments *(continued)*

Notes: *(continued)*

3. Resigned on 5th November 2007

4. Resigned on 16th October 2007

5. Appointed on 22nd June 2007

6. Retired on 8th April 2008

7. Resigned on 15th January 2008

8. Appointed on 22nd January 2008

9. Appointed on 14th March 2008

The remuneration of the directors of the Company for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is analysed as follows:

None of the directors of the Company waived or agreed to waive any emoluments paid by the Group and no incentive payment for joining the Group or compensation for loss of office was paid or payable to any directors of the Company during the two years ended 31st March 2008 and 2007.

(b) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, three (2007: two) are directors of the Company whose emoluments are set out in Note 14(a). The emoluments of the remaining two (2007: three) highest paid individuals were as follows:

	2008	2007
	HK$'000	HK$'000
Salaries and other benefits	**2,031**	3,063
Contribution to retirement benefit scheme	**17**	23
	2,048	3,086

14 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(continued)*

(b) Five highest paid employees *(continued)*

The emoluments of the two (2007: three) highest paid employees fall in the following bands.

	2008 Number of employees	2007 Number of employees
Nil to HK$1,000,000	**1**	–
HK$1,000,001 to HK$2,000,000	**1**	3
	2	3

The remuneration of directors and key executives is determined by the remuneration committee and having regard to the performance of individuals and market trends.

No emoluments have been paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office in any of the two years ended 31st March 2008 and 2007.

15 PROPERTY, PLANT AND EQUIPMENT

	Building	Machinery and equipment	Office equipment	Computer equipment	Furniture and fixture	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost							
At 1st April 2006	1,520	23,517	355	1,451	1,046	707	28,596
Exchange realignment	–	–	8	–	1	3	12
Additions	–	14	32	226	39	–	311
At 31st March 2007 and 1st April 2007	1,520	23,531	395	1,677	1,086	710	28,919
Exchange realignment	–	105	8	29	9	151	302
Additions	–	1,792	90	213	59	4,590	6,744
Disposal	–	–	–	(70)	(52)	–	(122)
Re-classified to subsidiary held-for-sales	–	(162)	–	(265)	(57)	–	(484)
At 31st March 2008	1,520	25,266	493	1,584	1,045	5,451	35,359
Accumulated depreciation and impairment loss							
At 1st April 2006	270	5,861	231	625	767	167	7,921
Exchange realignment	–	–	6	–	1	1	8
Provided for the year	61	3,881	45	293	88	136	4,504
At 31st March 2007 and 1st April 2007	331	9,742	282	918	856	304	12,433
Exchange realignment	–	5	7	11	5	11	39
Provided for the year	60	3,893	57	259	110	566	4,945
Eliminated on disposal	–	–	–	(54)	(37)	–	(91)
Re-classified to subsidiary held-for-sales	–	(66)	–	(125)	(43)	–	(234)
At 31st March 2008	391	13,574	346	1,009	891	881	17,092
Carrying values							
At 31st March 2008	1,129	11,692	147	575	154	4,570	18,267
At 31st March 2007	1,189	13,789	113	759	230	406	16,486

15 PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

Buildings	4%
Machinery and equipment	20%
Office equipment	20%
Computer equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

16 PREPAID LEASE PAYMENTS

The prepaid lease payments represent leasehold land in Hong Kong held under medium-term leases and analysed for reporting purpose as:

	2008	2007
	HK$'000	HK$'000
Analysed for reporting purposes as:		
Non-current asset	**779**	799
Current asset	**20**	20
	799	819

17 AVAILABLE-FOR-SALE INVESTMENT

	2008	2007
	HK$'000	HK$'000
Listed investment, at fair value:		
– Equity securities listed outside Hong Kong	**–**	1,103

During the year, the Group disposed of all the available-for-sale investment. As at 31st March 2007, the fair value of the available-for-sale investment has been determined by reference to the bid prices quoted in active market.

The Group's available-for-sale investment that is denominated in currencies other than the functional currency of the relevant group entities is as follows:

	2008	2007
	'000	'000
Japanese Yen ("JPY")	**–**	15,078

18 INVESTMENT IN CONVERTIBLE NOTE

	2008 HK$'000	2007 HK$'000
Unlisted convertible note, at fair value	–	1,170

As at 31st March 2007 the Group held convertible note with a principal amount of HK$1,170,000 which was issued by an unlisted company. The convertible note carries interest at 16% per annum and confers rights to the holder to convert the whole or part of the outstanding principal amount into shares of that company at a conversion price, representing the higher of (1) the net asset value per share of the issuer with reference to its latest audited accounts of the issuer for the time being, and (2) the nominal amount of an issuer's share, per share in the defined period.

The convertible note can only be redeemed by the issuer at its face value together with all interest accrued thereon (if any) up to and including the date of repayment in December 2010, the 5th anniversary of the date of issue of the note.

During the year ended 31st March 2008, the issuer of the convertible note redeemed the convertible note at its carrying value of HK$1,170,000 and the Company agreed with the issuer of the convertible note to waive all of the subsequent unaccrued interest.

19. DEPOSIT PAID FOR ACQUISITION OF A SUBSIDIARY

	2008 HK$'000	2007 HK$'000
Deposit paid	30,000	–

On 7th December 2007, the Company and Citywin Pacific Limited ("Citywin") entered into an agreement in relation to the acquisition ("Acquisition") of the entire equity interests in Qingdao Yongxinhui Mining Company Limited ("Acquisition Agreement"). The aggregate consideration for the acquisition is HK$130 million.

The balance as at 31st March 2008 represented the deposit paid to Citywin under the Acquisition Agreement.

The Acquisition has been completed on 14th June 2008 (Note 36(a)).

20 INVENTORIES

	2008 HK$'000	2007 HK$'000
Consumables and spare parts	**3,870**	8,902

Included in above were consumables and spare parts of approximately HK$82,000 (2007: HK$1,334,000) which are carried at net realisable value.

21 TRADE AND BILLS RECEIVABLES

	2008 HK$'000	2007 HK$'000
Trade receivables	**55,096**	167,821
Less: accumulated impairment recognised	**(46,970)**	(107,450)
	8,126	60,371
Bills receivables	**3,410**	739
Total trade and bills receivables	**11,536**	61,110

The Group has a policy of allowing credit period ranging from three to twelve months to its trade customers. In addition, for certain customers with long-established relationship and good past repayment histories, a longer credit period may be granted, such as the balance of the contract sum being paid by way of instalments over a period of up to 18 months. The Group does not hold any collateral over the balances.

An aged analysis of trade receivables is as follows:

	2008 HK$'000	2007 HK$'000
Within 30 days	**503**	13,810
Between 31 to 60 days	**2,277**	1,000
Between 61 to 90 days	**351**	6,086
Between 3 to 6 months	**2,483**	3,957
Between 6 to 12 months	**570**	36,452
Over 1 year but no more than 2 yeas	**12,388**	29,686
Over 2 years	**36,524**	76,830
	55,096	167,821
Less: impairment loss recognised	**(46,970)**	(107,450)
	8,126	60,371

21 TRADE AND BILLS RECEIVABLES *(continued)*

The following is an aged analysis of past due but not impaired of the trade receivables at the balance sheet date:

	2008	2007
	HK$'000	HK$'000
Neither past due nor impaired	**1,594**	15,180
Between 1 to 30 days	**378**	3,398
Between 31 to 60 days	**237**	6,842
Between 61 to 90 days	**781**	19,561
Between 3 to 6 months	**24**	15,390
Between 6 to 12 months	**–**	–
Over 1 year but no more than 2 years	**5,112**	–
	8,126	60,371

The Group's neither past due nor impaired trade receivables mainly represent sales made to recognised and creditworthy customers. These customers who trade on credit terms are subject to credit verification procedures. No impairment provision is required for the past due balances based on the historical payment records.

The movements in the impairment of trade receivables are as follows:

	2008	2007
	HK$'000	HK$'000
At 1st April	**107,450**	41,493
Impairment losses recognised during the year	**10,103**	65,957
Re-classified to subsidiary held-for-sales	**(69,309)**	–
Exchange realignment	**(1,274)**	–
At 31st March	**46,970**	107,450

21 TRADE AND BILLS RECEIVABLES *(continued)*

The Group's trade and bills receivables that are denominated in currencies other than the functional currency of the relevant group entities before the impairment loss recognised are as follows:

	2008	2007
	'000	'000
Amounts denominated in:		
United State Dollar ("USD")	**1,308**	5,040
Euro ("EUR")	**4,412**	11,162
Swiss Franc ("CHF")	**2**	2
British Pound ("GBP")	**–**	6
Renminbi ("RMB")	**52**	9
Malaysian Ringgit ("MYR")	**–**	3
Taiwan Dollar ("NTD")	**–**	12,520

22 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in the balances are the following advances or deposit to/paid by the Group:

(a) Amount of approximately HK$30,852,000 (2007: HK$14,962,000) in respect of deposits paid for provision of engineering systems contracting services; and

(b) As at 31st March 2007, interest receivables of approximately HK$220,000 was due from a former director as disclosed in Note 35(a). The balance has been fully repaid during the year ended 31st March 2008.

The movements in the impairment of other receivables are as follows:

	2008	2007
	HK$'000	HK$'000
At 1st April	**6,888**	–
Re-classified to subsidiary held-for-sales	**(6,888)**	–
Impairment losses recognised during the year	**1,564**	6,888
At 31st March	**1,564**	6,888

22 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

The Group's other receivables, deposits and prepayments that are denominated in currencies other than the functional currency of the relevant group entities before the impairment loss recognised are as follows:

	2008	2007
	'000	'000
Amounts denominated in:		
Australian Dollar ("AUD")	**18**	–
CHF	**–**	6
EUR	**–**	235
GBP	**6**	13
JPY	**–**	38,400
Macau Pataca ("MOP")	**149**	–
MYR	**21**	–
NTD	**9,834**	562
RMB	**13,271**	642
Singapore Dollar ("SGD")	**–**	4
USD	**2,334**	597

23 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Included in bank balances and cash are the following amounts which are subject to foreign exchange control regulations or not freely transferable:

	2008	2007
	'000	'000
Amount denominated in:		
RMB	**62,182**	1,326
MYR	**3**	254

Pledged bank deposits/bank balances comprise short-term bank deposits of approximately HK$89,162,000 (2007: HK$51,086,000) at prevailing interest rate or at fixed interest rates ranging from 5.42% to 6.05% (2007: 3.0% to 4.05%).

23 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH *(continued)*

The Group's bank balances that are denominated in currencies other than the functional currency of the relevant group entities are as follows:

	2008	2007
	'000	'000
AUD	**11**	–
EUR	**95**	–
JPY	**162**	–
MOP	**536**	–
MYR	**3**	254
RMB	**62,182**	1,326
SGD	**1**	–
USD	**316**	–

24 SUBSIDIARY HELD-FOR-SALES

	2008	2007
	HK$'000	HK$'000
Assets classified as held-for-sales	**24,458**	–
Liabilities associated with assets classify as subsidiary held-for-sales	**27,805**	–

On 25th March 2008, the board of directors has passed a resolution to dispose of the entire equity interests of Linfair Engineering Company Limited ("LEC"), due to the significant operating loss suffered from LEC and in the opinion of the directors, such position would not be improved in the foreseeable future.

The assets and liabilities attributable to LEC, which is expected to be sold within twelve months after the balance sheet date, have been classified as subsidiary held-for-sales and are presented separately in the consolidated balance sheet.

24 SUBSIDIARY HELD-FOR-SALES *(continued)*

On 5th June 2008, the Group has entered into a sales and purchase agreement with an independent third party to dispose of the entire equity interests in LEC and the shareholder's loan at a total consideration of HK$2,000,000. The disposal has been completed on 23rd July 2008 and the consideration has been received in full on 23rd July 2008. The results of LEC for the two years ended 31st March 2008 and 31st March 2007 were as follows:

	2008	2007
	HK$'000	HK$'000
Turnover	**21,358**	134,002
Cost of sales	**(14,282)**	(129,488)
Gross profit	**7,076**	4,514
Other income	**4,076**	2,207
Administrative expenses	**(27,973)**	(74,736)
Finance costs	**(1)**	–
Loss before tax	**(16,822)**	(68,015)
Income tax expense	**–**	–
Loss for the year	**(16,822)**	(68,015)

During the year, LEC contributed HK$10,290,000 (2007: HK$1,037,000) to the Group's net operating cash outflows, paid HK$123,000 (2007: HK$18,000) in respect of investing activities and paid HK$1,000 (2007: HK$2,053,000) in respect of financing activities.

24 SUBSIDIARY HELD-FOR-SALES *(continued)*

The major classes of assets and liabilities of LEC as at 31st March 2008, classified as held-for-sales, are as follows:

	As at 31st March 2008 HK$'000
Property, plant and equipment	**250**
Trade and bills receivables	**11,676**
Other receivables, deposits and prepayments	**12,456**
Bank balances and cash	**76**
Total assets of the disposed subsidiary classified as held-for-sales	**24,458**
Trade and bills payables	**18,883**
Other payables and accrued charges	**8,922**
Total liabilities of the disposed subsidiary classified as held-for-sales	**27,805**
Net liabilities	**(3,347)**

25. TRADE AND BILLS PAYABLES

The aged analysis of the trade payables is as below:

	2008 HK$'000	2007 HK$'000
Within 30 days	**934**	11,282
Between 31 to 60 days	**4,563**	264
Between 61 to 90 days	**160**	12,620
Between 3 to 6 months	**1,374**	2,827
Between 6 to 12 months	**777**	16,744
Over 1 year but no more than 2 years	**10,749**	14,829
Over 2 years	**5,058**	3,044
	23,615	61,610
Bills payables	**507**	75
	24,122	61,685

The average credit period granted by the Group's suppliers was ranging from three to twelve months.

25. TRADE AND BILLS PAYABLES *(continued)*

The Group's trade payables that are denominated in currencies other than the functional currency of the relevant group entities are as follows:

	2008	2007
	'000	'000
AUD	**4**	–
EUR	**427**	1,786
GBP	**194**	–
JPY	**173,565**	347,478
NTD	**36**	25
RMB	**65**	137
USD	**126**	2,682

26 OTHER PAYABLES AND ACCRUED CHARGES

Included in other payables and accrued charges amounts to HK$33,345,000 (2007: HK$17,035,000) in respect of deposits received for provision of engineering systems contracting services.

The Group's other payables and accrued charges that are denominated in currencies other than the functional currency of the relevant group entities are as follows:

	2008	2007
	'000	'000
CHF	**–**	9
EUR	**3**	782
MOP	**11,265**	–
MYR	**7**	–
RMB	**13,057**	518
USD	**1,065**	601

27 BANK BORROWINGS

	2008	2007
	HK$'000	HK$'000
Secured bank borrowings comprise of the followings:		
– Bank loans	–	19,200
– Trust receipt loans	–	12,506
	–	31,706

The Group's borrowings that are denominated in currencies other than the functional currency of the relevant group entities are as follows:

	2008	2007
	'000	'000
EUR	–	380
USD	–	861
GBP	–	5
JPY	–	26,000

The bank borrowings carry floating-rate interest ranging from 5.42% to 6.05% (2007:5.20% to 6.52%) per annum.

28 SHARE CAPITAL

	31st March 2008		31st March 2007	
	Number of share	HK$'000	Number of share	HK$'000
Authorised ordinary shares of HK$0.10 each				
At 1st April 2006, 31st March 2007 and 31st March 2008	**1,000,000,000**	**100,000**	1,000,000,000	100,000
Issued and fully paid ordinary shares of HK$0.10 each				
At 1st April	**338,208,000**	**33,821**	300,000,000	30,000
Exercise of share options (Note a)	–	–	8,208,000	821
Exercise of shares on 26th February 2007 (Note b)	–	–	30,000,000	3,000
Exercise of share options (Note c)	**3,125,000**	**312**	–	–
Issue of shares on 11th May 2007 (Note d)	**30,000,000**	**3,000**	–	–
Issue of shares on 22nd August 2007 (Note e)	**50,000,000**	**5,000**	–	–
At 31st March	**421,333,000**	**42,133**	338,208,000	33,821

Notes:

(a) During the year ended 31st March 2007, an aggregate of 8,208,000 new shares of the Company were issued pursuant to Pre-IPO share option scheme at the exercise price of HK$0.65 per share.

(b) On 26th February 2007, 30,000,000 new shares of the Company were issued at the price of HK$1.05 per share for cash by way of placing.

(c) During the year ended 31st March 2008, an aggregate of 3,125,000 new shares of the Company were issued pursuant to Pre-IPO share option scheme at the exercise price of HK$0.65 per share.

(d) On 11th May 2007, 30,000,000 new shares of the Company were issued at the price of HK$1.05 per share for cash by way of placing.

(e) On 22nd August 2007, 50,000,000 new shares of the Company were issued at the price of HK$2.00 per share by cash by way of top-up subscription.

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

29 SHARE OPTIONS

Pre-IPO share option scheme

A pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") was approved and adopted by the Company on 30th March 2005.

The maximum number of shares which may be issued under the Pre-IPO Share Option Scheme shall be 15,000,000 shares. The Pre-IPO Share Option Scheme is not subject to any vesting condition precedent and the exercise period shall commence from the day following 6 months after 10th June 2005 and end on 30th March 2010 (both dates inclusive). Upon acceptance of the pre-IPO share option, each participant shall pay HK$1 to the Company by way of consideration for the grant.

The exercise price is HK$0.65 per share and there is no restriction on the number of pre-IPO share options granted under the Pre-IPO Share Option Scheme to any grantee.

Other share option scheme

Another share option scheme (the "Share Option Scheme") was approved and adopted by the Company on 20th May 2005.

Under the Share Option Scheme, the Directors may, at their description, grant to any eligible person as defined under the Share Option Scheme to take up options to subscribe for shares of the Company at a subscription price to be determined by the Directors and notified to each grantee but in any case shall not be less than the higher of (1) the closing price of the shares as stated in The Stock Exchange of Hong Kong Limited's daily quotations sheet on the date on which the Directors approve the making of the offer for the grant option (the "Date Of Grant"), which must be a trading day; (2) the average of closing price of the shares as stated in The Stock Exchange of Hong Kong Limited's daily quotations sheet for the five trading days immediately preceding the Date of Grant; or (3) the nominal value of a share. Upon acceptance of the share option, the grantee shall pay HK$1 to the Company by way of consideration for the grant.

The total number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30,000,000 shares, being 10% of the total number shares in issue as at the date of listing of the Company's shares unless separate approval is obtained. Details of the Share Option Scheme are set out in the prospectus dated 27th May 2005 issued by the Company.

As at 31st March 2008 and 31st March 2007, there were no share options granted under the Share Option Scheme since its adoption.

29 SHARE OPTIONS *(continued)*

Other share option scheme *(continued)*

Details of share options granted on 30th March 2005 pursuant to the Pre-IPO Share Option Scheme and outstanding as at 31st March 2008 and 31st March 2007 are as follows:

For the year ended 31st March 2008

			Number of share options		
	Exercisable period	**Exercise price**	**Balance at 1st April 2007**	**Exercised during the year**	**Balance at 31st March 2008**
Director	11th December 2005 to 30th March 2010	**0.65**	**1,720,000**	**–**	**1,720,000**
Employees	11th December 2005 to 30th March 2010	**0.65**	**5,072,000**	**(3,126,000)**	**1,946,000**
			6,792,000	**(3,126,000)**	**3,666,000**

For the year ended 31st March 2007

			Number of share options		
	Exercisable period	Exercise price	Balance at 1st April 2006	Exercised during the year	Balance at 31st March 2007
Director	11th December 2005 to 30th March 2010	0.65	1,720,000	–	1,720,000
Employees	11th December 2005 to 30th March 2010	0.65	13,280,000	(8,208,000)	5,072,000
			15,000,000	(8,208,000)	6,792,000

30 DEFERRED TAX LIABILITIES

The deferred tax liabilities recognised by the Group represent the excess of tax allowances over depreciation, and movement thereon during the year are as follows:

	HK$'000
At 1st April 2006	653
Credit to consolidated income statement	(423)
At 31st March 2007 and 1st April 2007	230
Credit to consolidated income statement	(109)
At 31st March 2008	121

At the balance sheet date, the Group had unused tax losses of approximately HK$16,251,000 (2007: HK$600,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unused tax losses incurred by the PRC subsidiaries will be expired in 2011. Other tax losses may be carried forward indefinitely.

31 PLEDGE OF ASSETS

At the balance sheet date, the banking facilities of the Group were secured by the following assets:

	2008	2007
	HK$'000	HK$'000
Property, plant and equipment	**1,928**	1,991
Bank deposits	**3,000**	6,750
	4,928	8,741

32 CONTINGENT LIABILITY

At the balance sheet date, the Group had the following contingent liability:

	2008	2007
	HK$'000	HK$'000
Performance bonds	**1,227**	406

33 COMMITMENTS

(a) Capital commitments outstanding as at 31st March 2008 and 31st March 2007 not provided for in the consolidated financial statements were as follows:

	2008	2007
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of the entire equity interest in Qingdao Yongxinhui contracted for but not provided in the consolidated financial statements	**100,000**	–

(b) Operating lease commitments

The Group as lessee

Minimum lease payments paid under operating leases during the two years ended 31st March 2008 and 31st March 2007:

	2008	2007
	HK$'000	HK$'000
Rented premises	**3,777**	1,591

Operating lease rentals amounting to approximately HK$1,320,000 (2007: HK$676,000) and HK$588,000 (2007: HK$Nil) in respect of staff quarters and director's quarter are included in the staff cost and directors' emolument, respectively.

At the balance sheet date, the Group had committed for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2008	2007
	HK$'000	HK$'000
Within one year	**2,425**	641
In the second to fifth years inclusive	**385**	10
	2,810	651

Operating lease payments represent rental payable by the Group for certain of its office premises and staff quarters. Leases are negotiated for terms of one to two years at fixed rentals.

34 EMPLOYEE RETIREMENT BENEFITS

Effective from 1st December 2000, the operating subsidiaries in Hong Kong joined a MPF Scheme for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The obligation of the Group with respect of the MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contribution is available to reduce the contributions payable in future years.

The employees of Linfair Engineering (Malaysia) Sdn. Bhd., a subsidiary of the Company, are members of a state-managed retirement benefit scheme operated by the Malaysian Government. The subsidiary is required to make contributions to the Employees Provident Fund ("EPF") at rates specified in the rules of EPF. The obligation of the Group with respect to EPF is to make the required contribution.

Employees located in the PRC are covered by the retirement and pension schemes defined by local practice and regulations and which are essentially defined contribution schemes.

	2008	2007
	HK$'000	HK$'000
Retirement benefit contribution made during the year	**508**	482

35 RELATED PARTY TRANSACTIONS

(a) During the year ended 31st March 2007, the Group advanced a total of HK$15,696,979 to a former director of the Company, Ms. Hsieh Ming Chiu and Linfair Technology Limited ("Linfair Technology"), of which is 90% owned by Ms. Hsieh Ming Chiu and 10% owned by her associate. The maximum amount outstanding during the year ended 31st March 2007 is HK$2,805,754. In September 2007, Ms. Hsieh and Linfair Technology agreed to pay a fee of approximately HK$220,000 to the Group in respect of the provision of the advances during the past three financial years ended 31st March 2005, 2006 and 2007. Such fee was calculated based on a rate, being the highest borrowing costs of the Group in those years (2005: 4.50% per annum; 2006: 7.25% per annum; and 2007: 6.52% per annum) plus 1% per annum and has been fully received during the year ended 31st March 2008.

(b) During the year ended 31st March 2007, the Group rented a warehouse from 福茂國際股份有限公司, of which Ms. Hsieh Ming Chiu and Mr. Chang Eu Ei and their children jointly own 90.9% equity interest, at nil consideration.

35 RELATED PARTY TRANSACTIONS *(continued)*

(c) During the year, the Group has entered into the following transactions with Hapworld SDL Ltd. ("Hapworld"):

	2008	2007
	HK$'000	HK$'000
Sales of consumable and spare parts	118	–
Purchase of consumable and spare parts	(10)	–
Provision of engineering systems contracting services	–	730

Hapworld is a company incorporated in Hong Kong. A sister of Mr. Chang Ei Eu is a director of and holds about 20% equity interests in Hapworld.

(d) As at 31st March 2008, an amount of approximately HK$14,000 (2007: HK$Nil) was advanced from a sister of Mr. Chang Ei Eu. The balance is unsecured, interest-free and repayable on demand. The balance was included in other payables and accrued charges as at 31st March 2008.

(e) Compensation to directors and key management personnel of the Group:

	2008	2007
	HK$'000	HK$'000
Short-term benefits	4,276	2,520
Post-employment benefits	29	24
	4,305	2,544

Details of the directors' remuneration (being the compensation to key management personnel) are set out in Note 14(a).

36 POST BALANCE SHEET EVENT

a) With reference to the announcement of the Company dated 23rd June 2008, on 14th June 2008, a supplementary agreement to the Acquisition Agreement as disclosed in Note 19, in relation to the Acquisition was entered into between Citywin and the Company, pursuant to which, the Company and Citywin have agreed to defer the issue of the HK$100 million convertible bond to a date which falls within 7 days after the date of the grant of the listing approval. In the circumstances, the grant of the listing approval will be changed from a condition precedent to a condition subsequent which is required to be fulfilled within 6 months from the date of the supplementary agreement as agreed by the parties. As a result, all condition precedents to the Acquisition have been satisfied and the completion took place on 14th June 2008.

(b) With reference to the announcement of the Company dated 23rd June 2008, the Company is now negotiating with the placing agent regarding the effect of the completion on the tranche 2 placing pursuant to the placing agreement. It is expected that conclusion will be reached on or before 30th September 2008.

(c) With reference to the announcement of the Company dated 25th June 2008, the Company and Lynxtech Precision Technologies Company Limited (“Lynxtech”) entered into an agreement on 5th June 2008 in relation to the disposal of the entire equity interest in LEC and the shareholder’s loan (“Disposal Agreement”). The consideration for the disposal is HK$2,000,000, which shall be satisfied by Lynxtech in cash as i) a deposit of HK$1,000,000 shall be paid within 20 days upon signing of the Disposal Agreement; and ii) the balance of HK$1,000,000 shall be payable on the completion of the disposal. The disposal has been completed on 23rd July 2008 and the consideration of HK$2,000,000 has been received in full as disclosed in Note 24.

37 CHANGE OF COMPANY NAME

In order to reflect its further development of business scope and base of operations of the Company, the general meeting of the Company approved the change of the Company’s name from ′′Linfair Holdings Limited 福茂控股有限公司′′ to ′′China Jin Hui Mining Corporation Limited 中國金匯礦業有限公司′′ with effective from 7th March 2008.

38 SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31st March 2008 are as follows:

Name of subsidiary	Place and date of incorporation/ operation	Registered capital/issued and fully paid share capital	Proportion of nominal value of issued capital held by the Group	Principal activities
Excellent Overseas Limited[1]	British Virgin Islands 18th July 2001	Ordinary share US$1	100%	Investment holding
Linfair Engineering (Beijing) Co. Ltd.[2,4]	PRC 25th November 2004	Registered capital HK$3,000,000	100%	Provision of installation and maintenance services
Jin Lun Duo Engineering (Shenzhen) Co. Limited (formerly known as Linfair Engineering (Shenzhen) Co. Ltd)[3,4]	PRC 16th September 2004	Registered capital HK$50,000,000	100%	Provision of installation and maintenance services
Linfair Engineering (Malaysia) Sdn. Bhd.	Malaysia 19th September 2004	Ordinary share RM1,500,000	100%	Provision of installation and maintenance services
Linfair Engineering Company Limited	Samoa 9th November 2001	Ordinary share US$1	100%	Provision of engineering systems contracting service and sales of related spare parts
Linfair Engineering (H.K.) Co., Limited	Hong Kong 9th November 1991	Ordinary share HK$10,000,000	100%	Provision of engineering systems contracting service and sales of related consumables and spare parts
Linfair Capital Limited	Hong Kong 24th June 2005	Ordinary shares HK$1,000	100%	Investment holding

38 SUBSIDIARIES *(continued)*

Name of subsidiary	Place and date of incorporation/ operation	Registered capital/issued and fully paid share capital	Proportion of nominal value of issued capital held by the Group	Principal activities
Linfair Engineering (Macau) Company Limited	Macau 15th February 2006	Ordinary shares MOP1,000,000	100%	Provision of engineering systems contracting service and sales related consumables and spare parts
Power High Limited	British Virgin Islands 8th February 2007	Ordinary shares US$1	100%	Investment holding
Nation Resources Limited	Hong Kong 1st February 2007	HK$100	100%	Inactive
Changsha Sanjin Kuangye Touzi Zixun Youxian Gongsi	PRC 6th August 2007	Registered capital HK$40,000,000	100%	Inactive
Beijing Jinlunduo Resources Technology Company Limited	PRC 11th December 2007	Ordinary shares RMB6,000,000	100%	Inactive

1. directly held by the Company

2. a wholly foreign owned enterprise established in Beijing, PRC

3. a wholly foreign owned enterprise established in Shenzhen, PRC

4. the English names are for identification purposes only

None of the subsidiaries had issued any debt securities subsisting at the end of the year or any time during the year.

39 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

FINANCIAL SUMMARY

The following is a summary of the published results and of the assets, liabilities and minority interests of the Group for the five financial years ended 31 March 2008.

	Year ended 31 March				
	2008	2007	2006	2005	2004
RESULTS	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**89,064**	297,802	209,922	810,861	640,194
(Loss) profit before tax	**(44,642)**	(82,829)	(19,536)	45,457	38,757
Income credit (tax)	**78**	(381)	67	(3,000)	(4,600)
(Loss) profit for the year	**(44,564)**	(83,210)	(19,469)	42,457	34,157
ASSETS AND LIABILITIES					
Total assets	**218,887**	160,845	263,777	289,871	274,461
Total liabilities	**(93,561)**	(117,410)	(178,703)	(230,474)	(248,836)
Net assets	**125,326**	43,435	85,074	59,397	25,625

1. The Company was incorporated on 8th October 2002 in the Cayman Islands and became the holding company of the Group with effect from 18th May 2005 upon completion of the Reorganisation as set out in the Company's prospectus dated 27th May 2005.

2. The results of the Group for the five years ended 31st March 2008 and the balance sheets of the Group as at 31st March 2004 to 2008 have been prepared using the principles of merger accounting.

3. The above financial summary prior to 2005 has not been adjusted to take into account the effect on adoption of Hong Kong Financial Reporting Standards as the Directors consider that it is not practicable to do so.