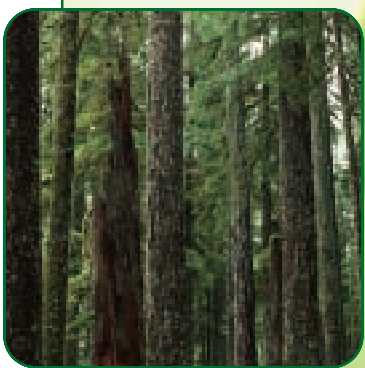
China Timber Resources Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 269




Annual Report

2008

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Fung Tsun Pong *(Chairman)*
Mr. Lau Sing Hung, Stephen
(Chief Executive Officer)
Mr. Tsang Kam Ching, David *(Finance Director)*
Mr. Chow Ki Shui, Louie

Independent Non-executive Directors

Mr. Yip Tak On
Mr. Jing Baoli
Mr. Bao Liang Ming

Audit Committee

Mr. Yip Tak On *(Chairman)*
Mr. Jing Baoli
Mr. Bao Liang Ming

Remuneration Committee

Mr. Yip Tak On *(Chairman)*
Mr. Jing Baoli
Mr. Bao Liang Ming
Mr. Tsang Kam Ching, David

COMPANY SECRETARY

Miss Ngan Wai Kam, Sharon

AUDITORS

Shu Lun Pan Horwath Hong Kong CPA Limited

LEGAL ADVISOR

Louis K.Y. Pau & Company

PRINCIPAL BANKERS

The Bank of East Asia, Limited

REGISTERED OFFICE

The Office of Caledonian Bank & Trust Limited
Caledonian House
George Town
Grand Cayman
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Room 1606, Office Tower
Convention Plaza
Wanchai
Hong Kong

SHARE REGISTRARS & TRANSFER OFFICE

Tricor Progressive Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

STOCK CODE AT HONG KONG STOCK EXCHANGE

269

CONTACT DETAILS

Telephone no.	:	(852) 3176 7100
Facsimile no.	:	(852) 3176 7122
Company website	:	www.ctrg.com.hk

Statement of the Chief Executive Officer

To all shareholders,

I am pleased to present the 2008 Annual Report and the audited financial statements of China Timber Resources Group Limited and its subsidiaries (together the “Group”) for the year ended 31 March 2008, during which a milestone success was achieved in the forestry business and the Group turned deficit into profit.

BUSINESS REVIEW

For the year ended 31 March 2008, the Group principally engaged in forest operation and management, logging, timber processing and trading and cold storage warehousing.

Since late 2006, the Group has poised to embrace a promising future by entering into the arena of the forestry business with its ambition of becoming a leading enterprise in the forestry and timber industry in China and the world by taking advantage of the continuous increase in global demand for timbers as a result of surging requirements for construction, furniture and paper all over the world, in particular, in the Mainland. As such, the Group still intends to cease its operation in cold storage warehousing management services business when opportunity arises. Moreover, the turnover contributed by cold storage and warehousing has dropped to 4% of the overall turnover of the Group this year.

The Group started its forestry business by acquisition of forests in South America and China in 2006 and 2007 respectively. At present, the Group has forest resources in Guyana of South America and Guangdong Province of China covering an aggregate area close to 257,000 hectares and 72,000 Chinese Mu respectively. In respect of the forest timber reserve of the Group in Guyana, LCH (Asia-Pacific) Surveyors Limited, an independent valuer, estimated that it had a market value of approximately US$527 million (HK$4,111 million) as at 31 August 2007.

FINANCIAL POSITION

For the year ended 31 March 2008, the Group recorded a consolidated turnover of approximately HK$33.4 million representing an increase of approximately 222% over that of the previous year (2007: HK$10.4 million) which was mainly due to the contribution from the sale of timber and related products. The two business segments engaged by the Group, namely timber logging and trading, and warehousing contributed approximately HK$32 million (96%) and HK$1.4 million (4%) respectively to the Group’s consolidated turnover. The cost of sales of the year was approximately HK$19.4 million (2007: HK$4.1 million) representing an increase of 373% which reflects the logging cost.

The profit before taxation and net profit were approximately HK$19.4 million and HK$19.8 million respectively (2007: loss before taxation: HK$14.4 million and net loss: HK$14.8 million), representing a significant improvement of the Group’s profitability. The profit attributable to shareholders for the year was approximately HK$21.2 million (2007: loss HK$14.2 million).

The net asset and total equity of the Group for this year were both approximately HK$1,150 million (2007: HK$225 million) which represents over 4 times increase comparing with last year. The remarkable increase in the total equity of the Company was mainly due to acquisition of biological assets and forest concession rights in Da Bu County of the PRC and increase in capital expenditure for construction in progress in PRC and Guyana.

LIQUIDITY AND FINANCIAL REVIEW

The current assets experienced a 23-fold increase from HK$19.9 million in 2007 to HK$456.5 million in 2008. It consists of deposit, cash and bank balances of approximately HK$340 million (2007: HK$9.1 million). Current liabilities amounted to HK$37.0 million (2007: HK$98.5 million), a significant drop of 63% which was mainly due to settlement of consideration for the acquisition of Jaling Forest Industries Inc. ("Jaling") during the year.

The gearing ratio of the Group, measured as total debts to total assets was approximately 3.6% (2007: 32%), the decrease as compared with the 2007 figure was resulted primarily from the repayment of bank loan and cash generated from placements of shares.

As at 31 March 2008, the Group had no outstanding bank loan (2007: HK$6.25 million), but there were short term borrowings amounted to approximately HK$6 million (2007: Nil), all of which will be due within one year and subject to interest rate of 9.6% per annum. As the Group's business operations, assets and liabilities are denominated mainly in Hong Kong dollars, Renminbi and US dollars, the Board considered foreign exchange risk being minimal. The management will review from time to time the potential foreign exchange exposure and will take appropriate actions to minimize any potential foreign exchange exposure risk to arise in the future. During the financial year, the Company has not given any guarantee to any financial institution in respect of the bank facilities utilized by any of its subsidiaries. As at 31 March 2008, there were no assets being pledged to secure credit facilities granted to and utilized by the Group (2007: HK$29.6 million).

As at 31 March 2008, the Group had no material contingent liabilities but it had capital commitments of HK$279 million. The Group did not use any financial instruments for hedging purposes and did not have foreign currency net investments being hedged by foreign currency borrowings and other hedging instruments.

CAPITAL RAISING AND EXPENDITURE

In view of the rapid expansion in the PRC forestry business of the Group, the Group carried out two equity fund raising activities during this financial year, whereby a total of 2,150,000,000 new ordinary shares were issued with gross proceeds of approximately HK$684,250,000. Part of the fund was utilized for the acquisition of Garner Forest Industries Inc. ("Garner"), the leasehold forest interests in Guangdong Province of the PRC and logging machines and equipments for the business operation in Guyana.

MATERIAL EVENTS

Throughout the financial year, the Company has focused on improvement of its timber harvesting capacity in Guyana, organising timber sale and distribution network in the PRC, acquisition of forest lands, development of a Sapling Incubation Centre and preparing for the construction of a timber processing base in the Mainland.

On 27 June 2007, the Company successfully placed 1,250,000,000 new shares at a placing price of HK$0.29 and raised a total of approximately HK$349.6 million (net of issuing expenses) fund which has strengthened the Company's capital base and working capital position. Part of the fund raised was used to finance the acquisition of Garner.

On 5 July 2007, a wholly owned subsidiary of the Company entered into an agreement and exercised a share option at a total cost of HK$110 million to acquire a 100% equity interest in Garner, a holder of an exclusive timber concession right of approximately 92,737 hectares of forest for a period of twenty-five years in Guyana. In addition, on 16 August 2007, Wide Forest Limited, a wholly-owned subsidiary of the Company executed a share acquisition agreement to purchase a further 44% equity interest in Jaling at a consideration of HK$130 million which was fully settled by issue of new shares. Both acquisitions were completed on 24 October 2007 and enlarged the Group's ownership of tropical rain forest areas to approximately 257,000 hectares.

On 15 October 2007, 樹人木業（大埔）有限公司 (Shu Ren Wood (Da Bu) Limited), a wholly owned subsidiary of the Company incorporated in the PRC, reached a mutual agreement with the People's Government of Da Bu County engaging it to arrange and procure acquisition of 50-year leasehold interests in not less than 500,000 Chinese Mu of forest land and its biological assets in Da Bu County, Guangdong Province, the PRC. As at 31 March 2008, approximately 72,300 Chinese Mu forest land were acquired.

On 6 November 2007, the Company further placed, on a fully underwritten basis, 900,000,000 shares at a placing price of HK$0.3575 per share raising a total of approximately HK$316 million (net of issuing expenses) for the purpose of financing the acquisition of forest land in the PRC and investment in timber processing facilities.

On 11 June 2008, the Group entered into a strategic cooperation agreement with Superb Summit International Timber Company Limited ("Superb Summit") regarding the supply of timber, standardization of electronic timber trading and provision of timber-related services. The Group is expected to supply Superb Summit with 20,000 to 30,000 m^3 of timber per month when the operations mature. The Group expects to utilize Superb Summit's advantages in timber trading section in order to strengthen the Group's client base.

PROSPECT

The Group has determined to position itself as an upstream timber supplier which targets at manufacturers of high-end furniture and construction materials in China. The Group will strive to achieve its goal by focusing on expending its forest land reserve in the Mainland, broadening its timber sales and distribution channels, and strengthening its business operation in the following spectrums:

South America

The Company has increased its investment in South America through the acquisition of Garner and an additional 44% equity interest of Jaling. In addition, the Company has continued spending substantial financial resources on shipments of logging machines and equipment to Guyana, construction of infrastructure such as roads, bridges and piers in Jaling forest, and recruiting logging expertise and technicians to be stationed in Guyana.

The last shipments of logging machines and equipment arrived Guyana in June 2008 which would enable Jaling to build up its own logging team instead of relying on outsourcing contractors. The Board expects that Jaling will gradually increase and stabilize its logging capacity in the financial year to be ended 31 March 2009 and render substantial contribution to the turnover of the Group.

Timber Processing Centre in Dongguan

The Group has planned to build a timber processing centre in Guangdong Province to provide capacity for processing and thus adding value to its round logs harvested in Guyana forest before launching the processed products to market for sales. Recently, the Group has identified a suitable piece of land in Dongguan for construction of the processing centre which is subject to an open tender and negotiation with the relevant government. Further details of the land will be disclosed when the transaction materializes.

Mainland China

Forest land reserve

The Group's acquisition of forest land in Da Bu County, Guangdong Province with the cooperation of its local government in late 2007 has marked a successful starting point for the Group's expansion of forest resources reserve in the Mainland. The Board expects that acquisition of forest land will continue in Da Bu County with the assistance of its local government and the target acquisition of 500,000 Chinese Mu forest land with 50-year land use rights will be completed in the year of 2009.

Da Bu forest has been preserved from harvesting activities for at least 6 years, thus the trees are mature and could provide stable harvesting volume for the coming 5 to 8 years. The major tree species of the forest are Pine trees and Cypress trees.

Consolidation and re-plantation of selected species, such as Acacia melanoxylon and Camphor, will be carried out on Da Bu forest after harvesting. The harvesting cycle of Acacia melanoxylon on the replanted land is about 8 to 10 years while fragrance essence can be extracted from Camphor tree starting from the third year. In the coming 5 to 8 years, the Group will strive to achieve about 60,000 Chinese Mu re-plantation land annually.

Besides, the Group will seek for other acquisition opportunities in expanding its forest land reserve in the Mainland to enhance its asset base as well as revenue generating capacity.

Sapling Incubation Centre in Da Bu County and Plantation

Last year, the Group also acquired a Sapling Incubation Centre situated in Da Bu County's forestry area. The Sapling Incubation Centre mainly performs plant tissue cultivation, mass sapling and mass production of fine tree species with high commercial value. The Centre focuses on cultivating valuable tree species such as Acacia melanoxylon and Camphor tree to meet the Group's replantation requirements in its Da Bu forest as well as for sales to third parties. With replantation policies instituted, the Group expects its forest land to provide stable harvesting resources for the foreseeable future.

The Group is also committed to develop its business in line with national forestry policies regarding ecological protection, tree species improvement, economic returns of the local government and employment opportunities, with the aim of achieving forest development which is beneficial to all parties.

Sale and Distribution Centre in Shenzhen

The Group has set up and is expanding its timber distribution network headed by its China office located in Shenzhen. Apart from Superb Summit, the Group is also looking for other strategic partners for timber sales and distribution in order to strengthen its capacity.

EMPLOYEES AND RETIREMENT BENEFIT SCHEME

The Group had approximately 193 employees in Hong Kong, the PRC, Australia and Guyana as at 31 March 2008. The Group implements remuneration policy, bonus and share options schemes to ensure that pay scales of its employees are rewarded on a performance-related basis within the general framework of the Group's remuneration strategy. During the year ended 31 March 2008, an aggregate number of 128,286,948 shares, representing 1.3% of the share of the company in issue, were issued in respect of options granted to executive directors and employees of the Company in September 2006. During the year, the Company granted 6,000,000 share options exercisable within 12 months under the Share Option Scheme, representing 0.06% of the shares of the company in issue as payment of remuneration for the rendering of professional fees.

The emoluments payable to the Directors are determined based on the scope of work, level of involvement, experience and seniority.

Information on the Group's mandatory provident fund scheme will be set out in Note 37 of this Annual Report.

ACKNOWLEDGEMENTS

I wish to take this opportunity to extend my appreciation to all shareholders for their support and to thank Directors for their guidance and our staff members for their dedication and hard work during the past year.

Lau Sing Hung, Stephen
Chief Executive Officer

Hong Kong, 29 July 2008

The Directors present their annual report and the audited financial statements of the Company and its subsidiaries ("Group") for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The activities of the Company's subsidiaries as at 31 March 2008 are set out in note 44 to the financial statements. The Group is principally engaged in forest operation and management, logging, timber processing and trading businesses and cold storage warehousing services.

SEGMENT INFORMATION

Details of the segment information are set out in note 15 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group are set in the consolidated income statement on page 26 of the annual report and in the accompanying notes to the financial statements.

The Directors propose a final dividend of HK$0.1 cent (2007: Nil) per share for the year ended 31 March 2008. Subject to approval by the shareholders at the forthcoming annual general meeting to be held on Monday, 25 August 2008, the final dividend will be paid on or about Thursday, 18 September 2008 to shareholders whose names appear on the register of members of the Company as at the close of business on Monday, 25 August 2008. The total amount of such dividend is approximately HK$10.1 million. This recommendation has not been incorporated in the financial statements.

SHARE PREMIUM AND RESERVES

Movements in the share premium and reserves of the Group and the Company during the year are set out on pages 29 to 31 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

PROPERTIES

Particulars of properties of the Group as at 31 March 2008 are set out on page 96 of the annual report.

SUBSIDIARIES

Particulars of the subsidiaries of the Group as at 31 March 2008 are set out in note 44 to the financial statements.

BORROWINGS

Bank and other borrowings repayable within one year or on demand are classified as current liabilities. Repayment analysis of bank and other borrowings as at 31 March 2008 are set out in note 28 to the financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital are set out in note 32 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2008, the aggregate turnover and purchases attributable to the five largest customers of the Group represented 100% and 100% of the total turnover and purchases of the Group, respectively.

CONNECTED TRANSACTIONS

The related party transactions in note 43 to the financial statements have been disclosed in accordance with the Statement of Standard Accounting Practice "Related Party Disclosures" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and did not constitute connected transactions nor continuing connected transactions under the definition of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK") ("Listing Rules").

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the past five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 95 of the annual report. The summary does not form part of the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

ISSUE OF EQUITY SECURITIES

On 29 June 2007 and 31 December 2007, 93,545,369 and 125,260,960 new ordinary shares of HK$0.01 each were issued to Mr. Peter Chan at approximately HK$0.29 and HK$0.2395 per share respectively as settlement of HK$30 million and HK$30 million, being part of the consideration for the acquisition of 51% equity interest in Jaling Forest Industries Inc. Detail of which were disclosed in the circular of the Company dated 1 September 2006.

On 24 October 2007, the Company issued 513,833,992 new shares at HK$0.35 per share to Mr. Liu Feng Lei under a special mandate granted to the Directors at a general meeting of the Company held on 18 October 2007 as settlement of HK$130,000,000, being consideration payable by the Company for the acquisition of a 44% equity interest in Jaling Forest Industries Inc. Detail of which were disclosed in the circular of the Company dated 28 September 2007.

On 7 May 2007 and 8 October 2007, 128,286,948 new ordinary shares of HK$0.01 each were issued at HK$0.078 per share as several employees exercised the share options granted under the Share Option Scheme. Details of which were set out in note 36 to the consolidated financial statements.

On 27 June 2007, the Company successfully placed 1,250,000,000 new shares at HK$0.29 each and raised a total of approximately HK$349.6 million fund which has strengthened the Company's capital base and working capital position. Details of which were set out in the announcement of the Company dated 14 June 2007.

On 14 November 2007, the Company issued 900,000,000 shares at HK$0.3575 each to substantial shareholders of the Company under a general mandate granted to the Directors at the annual general meeting of the Company held on 23 August 2007 pursuant to a Top-up Placing Agreement and a subscription agreement dated 1 November 2007. The net proceed of the placing is approximately HK$316 million. Details of which were set out in the announcement of the Company dated 1 November 2007.

All these new ordinary shares rank pari passu in all respects with the existing shares of the Company.

DIRECTORS

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

Executive Directors:

Mr. Fung Tsun Pong	
Mr. Lau Sing Hung, Stephen	(appointed on 1 June 2007)
Mr. Tsang Kam Ching, David	
Mr. Chow Ki Shui,Louie	(appointed on 1 June 2007)

Independent Non-executive Directors:

Mr. Yip Tak On
Mr. Jing Baoli
Mr. Bao Liang Ming

In accordance with Article 117 of the Company's Articles of Association, the Directors of the Company, including the executive and independent non-executive Directors, are subject to retirement by rotation and, being eligible, may offer themselves for re-election. In addition, Article 100 of the Articles of Association provides that any Director appointed by the board of Directors shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Mr. Fung Tsun Pong and Mr. Tsang Kam Ching, David shall retire at the forthcoming annual general meeting, and being eligible, shall offer themselves for re-election.

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

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. Fung Tsun Pong, aged 48, joined the Company as an Executive Director on 22 September 2004 and has been elected as chairman of the Board since 25 September 2005. Mr. Fung has over 20 years of experience in property development, logistics, investment banking and company management. Mr. Fung has held senior management positions in various companies incorporated in Hong Kong, British Virgin Islands and Samoa.

BIOGRAPHICAL DETAILS OF DIRECTORS (CONTINUED)

Executive Directors (CONTINUED)

Mr. Lau Sing Hung, Stephen, aged 58, has been appointed as an Executive Director of the Company since 1 June 2007 and is the Chief Executive Officer of the Company. Mr. Lau has been a fellow of the Institute of Chartered Accountants in England and Wales in 1976 as well as a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Lau joined Arthur Andersen & Co in 1976 and assisted it in opening its first office in China in the early eighties. Mr. Lau became a partner of Arthur Young in 1984 and Ernst & Young in 1990 when Arthur Young and Ernst & Whinney merged to become Ernst & Young. Mr. Lau had served as Chairman of the Tax Department, member of the Management Committee, General Manager of Ernst & Young Hua Ming, Managing Partner of China North Region, Office Managing Partner of Beijing Office, Dalian Office and Wuhan Office. Mr. Lau retired from Ernst & Young on 31 December 2006.

Mr. Tsang Kam Ching, David, aged 51, joined the Company as an Executive Director on 17 February 2004 and is the Finance Director of the Company. Mr. Tsang has extensive financial management experience over the past 20 years which covers merchant banking, stock broking and corporate finance business. He is currently a responsible officer registered under the SFO for Type 6 (corporate finance) activities. Mr. Tsang is also a fellow member of the Chartered Association of Certified Accountants in the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chow Ki Shui, Louie, aged 45, has been appointed as an Executive Director of the Company since 1 June 2007. Mr. Chow graduated from Xiamen University in 1984 with a Bachelor degree of Science. Mr. Chow had worked as a Senior Consultant in Mitsui & Co (HK) Ltd., and a partner in WI Harper Management Consulting Company, which is a venture capital investment company based in San Francisco, USA. In 1998, Mr.Chow co-founded Sino Capital Education Foundation, a non-profit organization to sponsor college student research programs and to assist children on poverty back to school. Mr. Chow is now a partner of Sino Capital Holdings Limited and is a co-founder of StemCyte, Inc., one of the largest umbilical cord blood banks in the world.

Independent Non-executive Directors

Mr. Yip Tak On, aged 62, joined the Company as an independent non-executive Director on 22 September 2004. Mr. Yip is a fellow member of ACCA, HKICPA, Taxation Institute of Hong Kong, and a full member of Hong Kong Securities Institute. Mr. Yip founded his own Certified Public Accountants firm for more than 20 years and is the managing director of Yip Leung & So Limited. Mr. Yip is also the treasurer of International Chamber of Commerce — Hong Kong China Business Council and the Chairman of a charitable institution, the Neighborhood Advice-Action Council. Mr. Yip has not held other directorships on listed companies in the last three years.

BIOGRAPHICAL DETAILS OF DIRECTORS (CONTINUED)

Independent Non-executive Directors

Mr. Jing Baoli, aged 43, has been appointed as an independent non-executive Director of the Company since 28 February 2006. Mr. Jing was graduated from Beijing University Law School with a Bachelor degree in Laws in 1987 and acquired a Master degree in Laws from Lanzhou University in 1997. After graduation from Beijing University, he was assigned to the High Court of Gansu Province and worked in various positions till 1997. In 1997, Mr. Jing joined Gansu Tianhe Law Firm as a partner and starting from 1999, he became an attorney-at-law of Beijing Shuang Cheng Law Firm.

Mr. Bao Liang Ming, aged 52, has been appointed as an independent non-executive Director of the Company since 1 February 2007. Mr. Bao has vast executive and management experience. He has held various directorships in state-owned enterprises in Tianjin and Beijing of the People's Republic of China.

Senior Management

Mr Liao Xiao Chen aged 51, is the Vice President of the Company. He graduated from the South China Agricultural University with a Bachelor degree of Science in Forestry and a Master degree of Economics. He had engaged in forestry management and leadership duties for years and had served as the Division Chief of Guangdong Provincial Forestry Bureau and was in charge of the provincial forest industry. Mr Liao is well recognized in the areas of forestry policies and regulations, and has rich knowledge in businesses of forest operation, afforestation and tree species improvement. He had superintended the whole province on forest operation, afforestation, forest ecology, planning and design when he was the Deputy Director General of Guangdong Provincial Forestry Bureau.

Mr Zhang Xu Ming is the Vice President of the Company responsible for supervising project investment, sales and marketing and overseas businesses. He has sophisticated experience in the financial industry and served the role of senior management in large state-owned enterprises and listed companies.

Madam Feng Jin Mei is stationed in Guyana as the CEO of Jaling Forest Industries Inc., a wholly owned subsidiary of the Company. She had served as CEO and CFO in large-scale corporations and has over 18 years' management experience. Since her taking over of the CEO of Jaling Forest Industries Inc., her management team has greatly improved the efficiency of the South American forestry operations.

DIRECTORS' SERVICE CONTRACTS

None of the existing Directors has a service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' EMOLUMENT, THE FIVE HIGHEST PAID EMPLOYEES AND THE GROUP'S EMOLUMENT POLICY

Details of the Directors' emolument and of the five highest paid employees in the Group are set out in notes 10 and 11 to the financial statements.

The Group ensures that pay scales of its employees are rewarded on performance-related basis within the general framework of the Group's remuneration strategy.

The Directors' remuneration is determined by the Company with reference to their responsibilities to undertake, the Company's performance and profitability, remuneration benchmark, prevailing market conditions and recommendation of the Remuneration Committee of the Company.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES

Save as disclosed below, as at 31 March 2008, according to the register of Interest kept by the Company under Section 336 of the Securities and Future Ordinance (the "SFO") and so far as was known to the Directors, none of the Directors and chief executive of the Company held any interest or short positions on the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) where required to be notified to the Company and SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Listing Rules, to be notified to the Company and SEHK.

Long positions in shares and underlying shares of the Company

	Number of shares		Number of underlying shares (warrants)			
Name of Director	personal interest	corporate interests	personal interest	corporate interests	Total	Percentage (%) of issued share capital
Fung Tsun Pong *(note a)*	1,035,262,449	1,055,500,000	NIL	NIL	2,090,762,449	20.62
Lau Sing Hung, Stephen	14,000,000	NIL	NIL	NIL	14,000,000	0.14
Tsang Kam Ching, David *(note b)*	66,624,499	NIL	NIL	NIL	66,624,499	0.66
Chow Ki Shui, Louie	1,000,000	NIL	NIL	NIL	1,000,000	0.009

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES (CONTINUED)

Long positions in shares and underlying shares of the Company (Continued)

Notes:

(a) Ocean Gain Limited ("OGL") being wholly owned by Mr. Fung Tsun Pong was interested in 1,055,500,000 shares in the Company, representing approximately 10.41% in the issued shares of the Company. OGL is a substantial shareholder of the Company and its shareholding in the Company is set out in the section headed "Substantial Shareholders". On 7 May 2007, Mr. Fung exercised all the 6,662,449 share options granted to him by the Company on 9 June 2006 at a price of HK$0.078 per share.

(b) On 7 May 2007, Mr. Tsang Kam Ching, David exercised all the 66,624,499 share options granted to him by the Company on 9 June 2006 at a price of HK$0.078 per share.

Save as disclosed above, none of the Directors of the Company and their associates had any interest in the shares and/or underlying shares of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the SEHK pursuant to section 341 of the SFO (including interests which they were deemed or taken to have under section 344 of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein as at 31 March 2008.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the annual report, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the paragraphs headed "Directors' Interest and Short Position in Shares, Underlying Shares and Debentures" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 March 2008, according to the register of interest kept by the Company, under Section 336 of the SFO and so far as was known to the Directors, no other person or companies had an interest or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group.

SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Long Position in shares of the Company

Name of shareholders	Capacity	Number of Shares	Percentage (%) of issued shares
Ocean Gain Limited *(note a)*	Beneficial owner	1,055,500,000	10.41
Allkeen Investments Limited *(note b)*	Beneficial owner	1,000,000,000	9.86
Peter Chan	Beneficial owner	609,431,329	6.01
Liu Feng Lei	Beneficial owner	513,833,992	5.06

Notes:

a. Ocean Gain Limited is wholly-owned by Mr. Fung Tsun Pong, an executive director of the Company.

b. Allkeen Investments Limited is wholly-owned by Mr. Huang Wei Guang.

Save as disclosed above, as at 31 March 2008, no other persons had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTIONS SCHEME

The Share Option Scheme of the Company was adopted on 16 July 2004 and shall remain in force for 10 years from the adoption date unless otherwise terminated or amended. Particulars of the Share Option Scheme are set out in note 36 to the consolidation financial statements.

On 3 May 2007 and 5 October 2007, two Directors and several employees exercised their share options granted on 9 June 2006 under the Share Option Scheme and a total of 128,286,948 new ordinary shares of HK$0.01 each were issued at HK$0.078 per share.

On 24 October 2007, the Company granted 6,000,000 share options to an employee which is exercisable at HK$0.35 per share on or before 24 October 2008, but not exercised as at 31 March 2008.

PUBLIC FLOAT OF THE LISTED SECURITIES

Based on the publicly available information to the Company and within the knowledge of the Board, none of the Directors, up to the date of this report, is aware of any information which would indicate the Company has not maintained sufficient public float of its shares in the market.

MANAGEMENT CONTRACT

No contract concerning the management and administrative of the whole or any substantial part of the business of the Company.

THE MODEL CODE

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less than the required standard set out in the Model Code in Appendix 10 of the Listing Rules and the Directors of the Company have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the Audit Committee have been prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the HKSA. The Audit Committee provides an important link between the Board and the Company's auditors in matters within the scope of the Group audit. It also reviews the effectiveness of the external audit and of internal controls and risk evaluation. The Committee comprises all INEDs of the Company, namely Mr. Yip Tak On, Mr. Jing Baoli and Mr. Bao Liang Ming. Further information of the Audit Committee is set out in the Corporate Governance Report on page 22 to this Annual Report.

REMUNERATION COMMITTEE

Detailed information related to the remuneration committee is set out in the Corporate Governance Report on page 21 of this Annual Report.

AUDITORS

CCIF CPA Limited retired as auditors during the year. Messrs. Shu Lun Pan Horwath Hong Kong CPA Limited was appointed as auditors to fill the casual vacancy. Shu Lun Pan Horwath Hong Kong CPA Limited shall retire and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting of the Company.

On behalf of the Board

Lau Sing Hung, Stephen
Chief Executive Officer

Hong Kong, 29 July 2008

Corporate Governance Report

The Board is committed to maintaining a high standard of corporate governance practices throughout this financial year with emphasis on enhancing accountability and transparency of the management of the Company for the sake of safeguarding the interest of the shareholders of the Company as a whole. Save as disclosed herein below, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules for the year ended 31 March 2008.

The purpose of this report is to provide shareholders with information on the major principles and corporate governance practices adopted by the Company.

THE BOARD OF DIRECTORS

The principal duty of the Board is to ensure that the Company is properly managed in the best interest of the shareholders of the Company.

The Board is chaired by Mr. Fung Tsun Pong (the "Chairman"). As at the 31 March 2008, there were seven directors of the Company (the "Directors"), of which four were executive Directors, namely the Chairman, Mr. Lau Sing Hung, Stephen (the Chief Executive Officer ("CEO")), and Mr. Tsang Kam Ching, David (the Financial Director) and Mr. Chow Ki Shui, Louie and three were independent non-executive Directors namely, Mr. Yip Tak On, Mr. Bao Liang Ming and Mr. Jing Bao Li. Other details of the Directors are given on pages 12 to 14 of this Annual Report.

The overall management of the Company's business is vested in the Board which is led by the Chairman who assumes responsibility for leadership and control of the Company to ensure that the Board acts in the best interests of the Company and all meetings are planned and conducted effectively. However, the Board is collectively responsible for supervising the Company's affairs, management and operation. Matters like annual budgets, financial statements, significant changes in accounting policy, material contracts, major financing arrangements, risk management strategy and policies, supervision of the management and performance of the Company, are all reserved for the Board.

On the other hand, the day-to-day management, administration and operation of the Company are delegated to the CEO and its management team. The delegated functions and tasks were supervised and periodically reviewed by the Board to ensure efficiency of management. As the role of the Chairman is separate from that of the CEO and the position of the Chairman and CEO are held by separate individuals, a check and balance of power exists to guarantee better risk management and helps to reinforce their independence and accountability.

All Directors are provided upon reasonable request made to the Board with means, at the Company's expense, to take independent professional advice in furtherance of their duties if necessary.

THE BOARD OF DIRECTORS (CONTINUED)

The independent non-executive Directors (the "INEDs") serve the important function of providing a balance of skills and experience to the Board and safeguarding the interests of shareholders and the Company as a whole. Each of the INEDs has entered into a service agreement with the Company for an initial term of two years unless terminated by notice of in writing prior to the expiry of the term. The Company has received, from each of the INEDs, an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Board is of the view that all INEDs meet the independence guidelines set out in rule 3.13 of the Listing Rules.

The Board regularly reviews its composition and structure to ensure its expertise and independence are attained and maintained. Any Director appointed by the Board to fill a casual vacancy is subject to election of shareholders at the first general meeting after his appointment and all Directors are subject to retirement by rotation in accordance with the Company's articles of association and, being eligible, may offer themselves for re-election.

All Directors disclose to the Board on their first appointment their interests as Director or otherwise in other companies or organisations and such declarations of interests are updated annually. When the Board considers that any Director is having a conflict of interest in a matter to be considered by the Board, the Board will request such Director to fully disclose and declare his interest and require him to abstain from voting.

The Board has established the following committees: the Remuneration Committee and the Audit Committee with the participation of all the INEDs. In addition, the Board has also adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with shareholders.

The Board held 17 meetings during the fiscal year and the attendance of Directors were set forth below:

	Name of Directors	**Attended/ Eligible to attend**
Executive Directors	Fung Tsun Pong	16/17
	Lau Sing Hung, Stephen	15/15
	Tsang Kam Ching, David	17/17
	Chow Ki Shui, Louie	15/15
Independent Non-executive Directors	Yip Tak On	8/17
	Jing Bao Li	10/17
	Bao Liang Ming	3/17

THE BOARD OF DIRECTORS (CONTINUED)

In addition to the ordinary board meetings held during the fiscal year, the Board, held regular board meetings with written notice of the meeting despatched to all Directors at least 14 days before the meeting and an agenda with all supporting documents no less than 3 days prior to the meeting. The regular board meetings have achieved active participation of the Directors. The Directors note that the CG Code requires the Board to hold at least four regular board meetings a year at approximately quarterly intervals. However, in view of the frequent board meetings held during the year, the Directors considered no additional regular board meetings were necessary.

SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors (the "Securities Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. A copy of the Securities Code is sent to each Director of the Company first on his appointment and thereafter reminders were sent to Directors twice annually, one month before the date of the board meeting to approve the Company's interim and annual results, with a notice that the Director cannot deal in the securities and derivatives of the Company until after the results announcement has been published.

Under the Securities Code, Directors are required to notify the Chairman and receive a dated written acknowledgement before dealing in any securities of the Company and, in the case of the Chairman himself, he must notify the board at a board meeting or alternatively, another executive director and receive a dated written acknowledgement before any dealing. The Company has made specific enquiries on Director's dealings in the securities of the Company and all Directors have confirmed that they have complied with the required standard set out in the Securities Code throughout the year. Directors' interests as at 31 March 2008 in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) are set out on page 15 of this Annual Report.

REMUNERATION COMMITTEE

The Remuneration Committee was set up on 26 September 2005 to determine policy on executive Directors and senior management's remuneration and fixing remuneration packages. The Committee comprises all the three INEDs and one executive Director. The Committee has considered in detail the remuneration packages of staff of the Company at various levels, including executive Directors. In order to be able to attract and retain staff of suitable calibre, the Company provides a competitive remuneration package. This comprises salary, provident fund, leave passage and discretionary bonus. The remuneration policy has contributed considerably to the maintenance of a stable, motivated and high-calibre management team in the Company.

The remuneration policy and the levels of remuneration paid to executive Directors of the Company were reviewed by the Remuneration Committee every year.

REMUNERATION COMMITTEE (CONTINUED)

No Director takes part in any discussion about his own remuneration. The remuneration of INEDs is determined by the Board in consideration of their responsibility involved. Each of the INEDs are appointed for a fixed term of service and entitled to an annual director's fee of HK$120,000.00.

The Remuneration Committee held 1 meeting during this fiscal year, which was attended by a majority of the INEDs.

AUDIT COMMITTEE

The terms of reference of the Audit Committee was amended on 26 September 2005 to bring them in line with the CG Code. The Audit Committee is responsible to the Board and consists of all the three INEDs from time to time. The current members are Mr. Yip Tak On, Mr. Jing Bao Li and Mr. Bao Liang Ming. The Committee reviewed the completeness and accuracy of the Company's financial statements, annual reports and accounts and half-year reports and provided assurance to the Board that these comply with accounting policies, standards and practices, stock exchange and legal requirements. The Committee also reviewed the adequacy and effectiveness of the financial controls, internal control and risk management systems. It also made recommendation to the board of Directors on the appointment and removal of external auditors and their terms of engagement as well as monitor the external auditor's independence and effectiveness and recommended appropriate actions required.

The Audit Committee held 3 meetings during the fiscal year, the attendances of which were as follows: Mr. Yip Tak On (3/3), Mr. Jing Bao Li (3/3), Mr. Bao Liang Ming (0/3).

INTERNAL CONTROL

The Board is responsible for the system of internal control and for reviewing its effectiveness. During this fiscal year, the Directors have conducted a review on the effectiveness of the system of internal control of the Company, including but not limited to, financial, operational and compliance controls and risk management functions, and considered that the internal control systems effective and adequate and the Company has complied with the code provisions on internal control of the CG Code in view of the latest business development and the management structure of the Company.

Detailed control guidelines have been set and made available to all employees of the Company regarding handling and dissemination of price sensitive information.

Systems and procedures are in place to identify, control and report on major risks, including business, legal, financial, and reputational risks. Exposures to these risks are monitored by the Board with the assistance of its external professional advisers.

EXTERNAL AUDITORS

The external auditors are primarily responsible for auditing and reporting on the annual financial statements. In this fiscal year, the total remuneration paid to the external auditors was HK$0.9 million for audit service and advice.

INVESTOR RELATIONS

The Company continues to enhance relationships and communication with its investors. Extensive information about the Company's performance and activities is provided in the Annual Report and the Interim Report which are sent to shareholders.

All shareholders are encouraged to attend the Annual General Meeting to discuss matters relating to the Company. Any inquiries from shareholders can be addressed to any of the Board.

Shareholders may request an extraordinary general meeting to be convened in accordance with Article 73 of the Articles of Association of the Company, which provides that members holding at the date of deposit of the requisition not less than one-twentieth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. If the Directors do not within twenty-one days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors shall be reimbursed to them by the Company.

Independent Auditor's Report

Horwath

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TO THE SHAREHOLDERS OF **CHINA TIMBER RESOURCES GROUP LIMITED**
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of China Timber Resources Group Limited (the "Company") set out on pages 26 to 94, which comprise the consolidated and Company balance sheets as at 31 March 2008, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of these 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 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 financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2008 and of the profit and cash flows of the Group 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.

SHU LUN PAN HORWATH HONG KONG CPA LIMITED
Certified Public Accountants

Choi Man On
Practising Certificate number P02410

29 July 2008

Consolidated Income Statement

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Turnover	(5)	**33,382**	10,380
Cost of sales		**(19,391)**	(4,065)
Gross profit		**13,991**	6,315
Interest income		**6,699**	463
Gain on change in fair value of investment property	(16)	**18,094**	1,845
Gain on change in fair value of biological assets less estimated point-of-sale costs	(19)	**25,513**	—
Gain on disposal of investment property		**3,036**	—
Other income and gains	(6)	**5,409**	4,203
Selling and administrative expenses		**(53,297)**	(26,801)
Finance costs	(7)	**—**	(426)
Profit/(loss) before taxation	(8)	**19,445**	(14,401)
Taxation	(9)	**346**	(434)
Profit/(loss) for the year		**19,791**	(14,835)
Attributable to:			
Equity holders of the Company	(12)	**21,211**	(14,245)
Minority interests		**(1,420)**	(590)
		19,791	(14,835)
Dividend	(13)	**10,137**	—
		HK cents	*HK cents*
Earnings/(loss) per share	(14)		
— Basic		**0.24**	(0.21)
— Diluted		**0.22**	N/A

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet

At 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000 (Note 48)
NON-CURRENT ASSETS			
Investment property	(16)	50,000	29,640
Property, plant and equipment	(17)	63,092	8,441
Prepaid lease payments	(18)	26,285	3,473
Biological assets	(19)	22,606	—
Forest concession rights	(20)	533,811	269,032
Long term prepayments		40,816	—
		736,610	310,586
CURRENT ASSETS			
Financial assets at fair value through profit or loss	(22)	1,786	3,516
Derivative financial instruments	(23)	—	1,040
Inventories	(24)	38,715	3,470
Trade and other receivables	(25)	76,051	2,629
Prepaid lease payments	(18)	81	81
Cash and bank balances	(26)	339,838	9,116
		456,471	19,852
CURRENT LIABILITIES			
Trade and other payables	(27)	30,478	96,386
Short term borrowing	(28)	6,073	—
Amounts due to derecognised former subsidiaries under liquidation		—	490
Amount due to a former director of a subsidiary	(30)	—	1,205
Tax payable		84	434
		36,635	98,515
NET CURRENT ASSETS/(LIABILITIES)		419,836	(78,663)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,156,446	231,923
NON-CURRENT LIABILITIES			
Bank loan — secured	(29)	—	6,250
Deferred tax liabilities	(31)	1,574	450
Acreage fees payable		5,147	—
		6,721	6,700
NET ASSETS		1,149,725	225,223
CAPITAL AND RESERVES			
Share capital	(32)	101,370	71,261
Reserves		1,021,516	25,036
Equity attributable to equity holders of the Company		1,122,886	96,297
Minority interests		26,839	128,926
TOTAL EQUITY		1,149,725	225,223

These financial statements were approved and authorised for issue by the board of directors on 29 July 2008.

Mr. Lau Sing Hung, Stephen
Director

Mr. Tsang Kam Ching, David
Director

The accompanying notes form part of these financial statements.

Balance Sheet

	Notes	2008 HK$'000	2007 HK$'000 (Note 48)
NON-CURRENT ASSETS			
Property, plant and equipment	17	**262**	617
Interests in subsidiaries	21	**650,876**	62,950
		651,138	63,567
CURRENT ASSETS			
Financial assets at fair value through profit or loss	22	**1,786**	3,516
Derivative financial instruments	23	**—**	1,040
Inventories	24	**12,505**	—
Other receivables	25	**16,720**	1,379
Cash and bank balances	26	**292,696**	8,227
		323,707	14,162
CURRENT LIABILITIES			
Other payables	27	**11,309**	1,297
Amounts due to subsidiaries	30	**—**	629
		11,309	1,926
NET CURRENT ASSETS		**312,398**	12,236
NET ASSETS		**963,536**	75,803
CAPITAL AND RESERVES			
Share capital	32	**101,370**	71,261
Reserves		**862,166**	4,542
TOTAL EQUITY		**963,536**	75,803

These financial statements were approved and authorised for issue by the board of directors on 29 July 2008.

Mr. Lau Sing Hung, Stephen
Director

Mr. Tsang Kam Ching, David
Director

The accompanying notes form part of these financial statements.

Group

	Attributable to equity holders of the Company												
	Share capital HK$'000	Share premium HK$'000	Warrant reserve HK$'000	Share-based compensation reserve HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Asset revaluation reserve HK$'000	Forest concession right revaluation reserve HK$'000	Translation reserve HK$'000	Accumulated losses/ retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
	(Note 32)												
At 1 April 2006	66,023	474,484	–	–	3,800	20,918	16,391	–	(820)	(520,379)	60,417	–	60,417
Issue of new ordinary shares	5,238	60,461	–	–	–	–	–	–	–	–	65,699	–	65,699
Issue of share warrants	–	–	4,000	–	–	–	–	–	–	–	4,000	–	4,000
Exchange differences	–	–	–	–	–	–	–	–	428	–	428	–	428
Revaluation surplus	–	–	–	–	–	–	370	–	–	–	370	–	370
Acquisition of a subsidiary *(Note 33)*	–	–	–	–	–	–	–	–	–	–	–	1,773	1,773
Deferred tax arising from revaluation of building	–	–	–	–	–	–	(209)	–	–	–	(209)	–	(209)
Recognition of equity-settled share-based compensation	–	–	–	4,041	–	–	–	–	–	–	4,041	–	4,041
Loss for the year	–	–	–	–	–	–	–	–	–	(14,245)	(14,245)	(590)	(14,835)
Adjustment for share premium overstated in previous year	–	(24,204)	–	–	–	–	–	–	–	–	(24,204)	–	(24,204)
Being adjustment for forest concession rights stated at fair value	–	–	–	–	–	–	–	–	–	–	–	127,743	127,743
At 31 March 2007	71,261	510,741	4,000	4,041	3,800	20,918	16,552	–	(392)	(534,624)	96,297	128,926	225,223
Issue of new ordinary shares	28,826	891,830	–	–	–	–	–	–	–	–	920,656	–	920,656
Issuance cost	–	(18,905)	–	–	–	–	–	–	–	–	(18,905)	–	(18,905)
Exercise of share option	1,283	12,765	–	(4,041)	–	–	–	–	–	–	10,007	–	10,007
Exchange differences	–	–	–	–	–	–	–	–	9,236	–	9,236	–	9,236
Revaluation surplus	–	–	–	–	–	–	8,440	–	–	–	8,440	–	8,440
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	7,282	7,282
Excess of acquirer's interest in the net fair value of acquiree's identifiable net assets over cost on arising from acquisition of additional from other subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(952)	(952)
Deferred tax arising from revaluation of building	–	–	–	–	–	–	(1,124)	–	–	–	(1,124)	–	(1,124)
Profit for the year	–	–	–	–	–	–	–	–	–	21,211	21,211	(1,420)	19,791
Being adjustment for forest concession rights stated at fair value on the acquisition of 44% of Jaling	–	–	–	–	–	–	–	76,213	–	–	76,213	73,224	149,437
Being issued shares for acquisition of additional 44% of Jaling stated at fair value	–	–	–	–	–	–	–	–	–	–	–	(180,221)	(180,221)
Recognition of equity-settled share-based compensation	–	–	–	855	–	–	–	–	–	–	855	–	855
Transfer to retained profits	–	(1,396,431)	–	–	–	–	–	–	–	1,396,431	–	–	–
At 31 March 2008	101,370	–	4,000	855	3,800	20,918	23,868	76,213	8,844	883,018	1,122,886	26,839	1,149,725

The accompanying notes form part of these financial statements.

Company

	Share capital HK$'000 (Note 32)	Share premium HK$'000	Warrant reserve HK$'000	Share-based compensation reserve HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Accumulated losses/ retained profits HK$'000	Total HK$'000
At 1 April 2006	66,023	474,484	—	—	3,800	64,314	(566,437)	42,184
Issue of new ordinary shares	5,238	60,461	—	—	—	—	—	65,699
Issue of share warrants	—	—	4,000	—	—	—	—	4,000
Recognition of equity-settled share-based compensation	—	—	—	4,041	—	—	—	4,041
Loss for the year	—	—	—	—	—	—	(15,917)	(15,917)
Adjustment for share premium overstated in previous year	—	(24,204)	—	—	—	—	—	(24,204)
At 31 March 2007	71,261	510,741	4,000	4,041	3,800	64,314	(582,354)	75,803
Issue of new ordinary shares	28,826	891,830	—	—	—	—	—	920,656
Issuance costs	—	(18,905)	—	—	—	—	—	(18,905)
Exercise share option	1,283	12,765	—	(4,041)	—	—	—	10,007
Recognition of equity-settled share-based compensation	—	—	—	855	—	—	—	855
Loss for the year	—	—	—	—	—	—	(24,880)	(24,880)
Transfer to retained profits	—	(1,396,431)	—	—	—	—	1,396,431	—
At 31 March 2008	101,370	—	4,000	855	3,800	64,314	789,197	963,536

The accompanying notes form part of these financial statements.

Warrant reserve represents the net proceeds received from the issue of warrants of the Company. The reserve will be transferred to share capital and share premium account upon the exercise of the warrants.

On 14 July 2006, the Company issued 960,000,000 un-listed warrants at an issue price of HK$4,000,000 by private placement. Each warrant entitles the holder to subscribe for one ordinary share at an initial subscription price of HK$0.09 per Subscription Share during the three years period from the date of allocation and issue of the warrants.

Share-based compensation reserve represents the fair value of outstanding share options granted to executive directors, employees, and any of its subsidiary recognised in accordance with the accounting policy adopted for share based payment.

Translation reserve represents exchange differences arising from the translation of the financial statements of subsidiaries operating outside Hong Kong.

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of subsidiaries when they were acquired by the Company and the nominal amount of the Company's share capital issued for the acquisition.

In accordance with the provision of the Company's New Article of Association, the reserve available for distribution to shareholders of the Company as at 31 March 2008 amounted to HK$861,311,000 (2007: HK$501,000).

The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
OPERATING ACTIVITIES			
Profit/(loss) before taxation		**19,445**	(14,401)
Adjustments for:			
Interest expenses		**—**	426
Interest income		**(6,699)**	(463)
Depreciation of property, plant and equipment		**2,004**	567
Share-based compensation		**855**	4,041
Gain on change in fair value of investment property		**(18,094)**	(1,845)
Gain on change in fair value of biological assets less estimated point-of-sale costs		**(25,513)**	—
Gain on disposal of subsidiaries		**(687)**	—
Release of prepaid land lease		**81**	81
Amortisation of forest concession rights		**—**	488
Written off of loan from a former director of a subsidiary		**(822)**	—
Gain on disposal of investment property		**(3,036)**	—
Fair value adjustment to cost of sales for harvest timber	19	**14,850**	—
Property, plant and equipment written off		**577**	—
Excess of acquirer's interest in the net fair value of acquiree's identifiable net assets over costs:			
Arising from acquisition of additional interests in other subsidiaries		**(952)**	—
Arising from 2008 acquisition	33(a)	**(379)**	—
Operating cash outflows before changes in working capital		**(18,370)**	(11,106)
Decrease/(increase) in financial assets at fair value through profit or loss		**1,730**	(1,833)
Decrease/(increase) in derivative financial instruments		**1,040**	(1,040)
Increase in inventories		**(35,245)**	(3,470)
(Increase)/decrease in trade and other receivables		**(16,046)**	503
Decrease/(increase) in amount due to a director of a subsidiary		**(383)**	1,205
(Decrease)/increase in trade and other payables		**(9,341)**	541
Increase due to plantation		**(7,244)**	—
Decrease due to direct sales		**2,446**	—
Cash used in operations		**(81,413)**	(15,200)
Interest paid		**—**	(426)
Interest received		**6,699**	463
Net cash used in operating activities		**(74,714)**	(15,163)

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
INVESTING ACTIVITIES			
Proceeds from disposal of investment property		**4,353**	—
Purchase of property, plant and equipment		**(46,687)**	(3,901)
Additions of prepaid lease payment		**(22,893)**	—
Purchase of biological assets		**(7,145)**	—
Addition of long term prepayment		**(40,816)**	—
Additions of prepayment for land use right and equipment		**(40,016)**	—
Additions of deposit for equipment		**(17,360)**	—
Payment to acquire a subsidiary	33(b)	**(110,000)**	(9,988)
Net cash used in investing activities		**(280,563)**	(13,889)
FINANCING ACTIVITIES			
Proceeds from exercise of share options		**10,007**	—
Repayment of bank loan		**(6,250)**	(4,083)
Proceed from short term borrowing		**6,073**	—
Proceeds from issue of shares warrants		**—**	4,000
Net proceeds from issue of new ordinary shares		**665,345**	2,999
New bank loan obtained		**—**	6,250
Capital injection by minority interest		**7,282**	—
Net cash generated from financing activities		**682,457**	9,166
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**327,179**	(19,886)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**3,543**	(2,793)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**9,116**	31,795
CASH AND CASH EQUIVALENTS AT END OF YEAR		**339,838**	9,116
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**339,838**	9,116

The accompanying notes form part of these financial statements.

1. CORPORATE INFORMATION

The Company is an exempted Company incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). The address of the registered office is the office of Caledonian Bank & Trust Limited, Caledonian House, George Town, Grand Cayman, Cayman Islands.

The principal activities of the Company and its subsidiaries (the "Group") are engaged in forest operation and management, logging, timber processing and trading and cold warehouse rental.

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

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

In the current year, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("HK(IFRIC)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies.

The impact of the adoption of HKFRS 7, Financial Instruments: Disclosures and Amendment to HKAS 1, Capital Disclosures has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

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

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

(1) Effective for annual periods beginning on or after 1 January 2008
(2) Effective for annual periods beginning on or after 1 July 2008
(3) Effective for annual periods beginning on or after 1 January 2009
(4) Effective for annual periods beginning on or after 1 July 2009

The Group is in the process of making an assessment of what the impact of these new or revised standards or interpretations is expected to be in the period of initial application.

3. PRINCIPAL ACCOUNTING POLICIES

A summary of the significant accounting policies adopted by the Group is set out below.

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRSs, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(b) Basis of preparation

The financial statements are prepared under the historical cost convention modified for the revaluation of investment property, building, financial instruments and biological assets which are carried at fair value.

(c) Group accounting

(i) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2008. Subsidiaries are those entities in which the Group, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast majority of votes at the meetings of the board of directors.

The results of the 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 disposal, as appropriate.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(c) Group accounting (Continued)

(i) Consolidation (Continued)

All significant intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment on the asset transferred.

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.

Minority interests in the net assets excluding goodwill of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

On the disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

(ii) Business combinations

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

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(c) Group accounting (Continued)

(ii) Business combinations (Continued)

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

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

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill on acquisitions of a subsidiary is presented separately in the consolidated balance sheet.

For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the Group's cash-generating units or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, and whenever there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other asset of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Segment reporting

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

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

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowing, tax balances, corporate and financing expenses.

(e) Foreign currency translation

Functional and presentation currency

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

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency translation (Continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. 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. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Group companies

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

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

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

(iii) all resulting exchange differences are recognised as a separate component of equity.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency translation (Continued)

***Group companies** (Continued)*

(iii) *(Continued)*

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

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

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairments losses. The cost of assets comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Leasehold land and buildings are stated in the balance sheet at their revalued amounts, being the fair value on the basis of their existing use at the date of revaluation less any subsequent accumulated depreciation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of assets is credited in equity to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such assets is charged to profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used for this purpose are as follows:

Leasehold improvement	:	20%
Furniture, machinery and equipment	:	20%
Motor vehicles	:	20%

The gain or loss on disposal or retirement of a property, plant and equipment recognised in profit or loss is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(g) Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the cost of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

(h) Prepaid lease payment

Prepaid lease payments represent upfront premium paid for use of land. Prepaid lease payments are released to the profit or loss over the lease term on a straight-line basis.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) Investment property

Investment property is property held to earn rentals and for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property or at its fair value.

After initial recognition, the investment property is stated at its fair value based on valuation by an external valuer. Gains or losses from changes in fair value of the investment property are included in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

(j) Intangible assets

(i) Forest concession rights

Forest concession licenses acquired by the Group are stated at cost less accumulated amortisation (see below) and any accumulated impairment losses (see note 3(k)). These licences give the Group rights to harvest trees in the allocated concession forests in designated areas in Guyana.

The costs of forest concession rights includes the acreage fees payable to Guyana Forestry Commission, costs of necessary exploratory, geological, geophysical and other research studies incurred prior to obtaining the right.

(ii) Amortisation

Forest concession rights are amortised using the units of production method based on the total proven and probable reserves of the total forestry exploitation volume.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(l) Biological assets

Biological assets are living plants involved in the agricultural activities of the transformation of biological assets into agricultural produce for sale or into additional biological assets. Biological assets, agricultural produce and seedlings, are measured at fair value less estimated point-of-sale costs at initial recognition and at each balance sheet date. The fair value less estimated point-of-sale costs at the time of harvest is deemed as the cost of agricultural produce for further processing, if applicable.

If an active market exists for a biological asset or agricultural produce with reference to comparable specie, growing condition and expected yield of the crops, the quoted price in that market is adopted for determining the fair value of that asset. If an active market does not exist, the Group uses the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the transaction date and the balance sheet date, or the market prices for similar assets adjusted to reflect differences to determine fair values. The gain or loss arising on initial recognition and subsequent changes in fair values less estimated point-of-sale costs of biological assets is recognised in profit or loss in the period in which it arise. Upon the sale of the agricultural produce as forestry products, the carrying amount is transferred to cost of sales in the consolidated income statement.

Deposits/proceeds received from the sale of pre-harvest biological assets are accrued as liability of deferred revenue and are recognised as revenue in the consolidated income statement upon the transfer to the customers of the risks and rewards associated with ownership when the harvest and delivery of the forestry products have been made.

(m) Inventory

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(n) Financial assets

Financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. These financial assets are subsequently accounted for as follows, depending on their classification:

(i) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss where the financial asset is either held for trading or it is designated as at fair value through profit or loss. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets.

(ii) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iii) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, 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 investment have been impacted.

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

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(n) Financial assets (Continued)

(iii) Impairment of financial assets (Continued)

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

— significant financial difficulty of the issuer or counterparty; or

— default or delinquency in interest or principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included in trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(iv) 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 through the expected life of the financial asset, or where appropriate, a shorter period.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(n) Financial assets (Continued)

(v) Derecognition of financial assets

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

(o) Financial liabilities and equity instrument issued by the Group

Financial liabilities and equity instruments issued by a Group entity are classified according to the substance of the contractual arrangement 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 Company after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

(i) Equity instruments

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

(ii) Financial liabilities

Financial liabilities, including other payables and borrowings, are subsequently measured at amortised cost, using the effective interest method.

(iii) 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, a shorter period.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(o) Financial liabilities and equity instrument issued by the Group (Continued)

(iv) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue of disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost, any differences between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at lease 12 months after the balance sheet date.

(r) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated 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.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(r) Taxation (Continued)

Deferred tax liabilities is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. However, 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 asset 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 liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. 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.

(s) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

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

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(s) Employee benefits (Continued)

(ii) Retirement benefits schemes

The Company's PRC subsidiaries participate in defined contribution retirement schemes organised by the local government authorities in the PRC. All of the PRC employees are entitled to an annual pension equivalent to a fixed portion of their basic salaries at their retirement dates. The Company's PRC subsidiaries are required to contribute certain percentage ranged from 11% to 15% of the basic salaries of their PRC employees to the retirement schemes and have no further obligation for post-retirement benefits. The contributions are charged to profit or loss of the Group as they become payable in accordance with the rules of scheme.

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

(iii) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on granting.

Equity-settled share-based payments transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(t) Provision and contingent liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

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

(u) Revenue recognition

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

(i) Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Cold storage service income is recognised pro-rata over the life of the agreement and on an accrual basis.

(iii) Logistics management service income is recognised when the services are rendered.

(iv) Rental income from operating leases is recognised in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased assets. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (Continued)

(v) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

(vi) Dividend income is recognised when the shareholders' rights to receive payment is established.

(v) Leases

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.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

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.

(w) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(x) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

(y) Related party transactions

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the group or of any entity that is a related party of the Group.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously technically obsolete or non-strategic assets that have been abandoned or sold.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Income tax

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that are initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Estimated impairment of assets

The Group's management tests annually whether assets (including goodwill and forest concession right) have suffered any impairment, in accordance with the accounting policy stated in note 3(k). The recoverable amounts of cash-generated units have been determined based on value-in-use calculations. These calculations require the use of estimates. Management has not identified any impairment at the balance sheet date.

(d) Fair value estimation

The fair value of financial assets through profit or loss is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Group used a variety of methods and made assumptions that are based on market conditions existing at each balance sheet date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purpose is estimated by discounting the future contractual cash flows at the current market rate that is available to the Group for similar financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Fair values of biological assets

Management estimates at the balance sheet date the current market prices less estimated point-of-sale, costs of biological assets with reference to market prices and professional valuations. Un-anticipated volatile changes in market prices of the underlying agricultural produce could significantly affect the fair values of these biological assets and result in fair value re-measurement losses in future accounting periods.

The Group's forestry business is subject to the usual agricultural hazards from fire, wind and insects. Forces of nature such as temperature and rainfall may also affect harvest efficiency. Management considers adequate preventive measures are in place and the relevant legislation under forestry laws in the PRC and Guyana will assist in minimising exposure. Nevertheless, to the extent that un-anticipated factors affecting harvestable agricultural produce may result in re-measurement or harvest losses in future accounting periods.

(f) Recoverability of trade receivables

Recoverability of the trade receivable are reviewed by management based on the receivables' aging characteristics, management evaluation of the current creditworthiness and past collection history of each customer. Judgement is required in assessing the ultimate realisation of these receivables, and the financial conditions of the debtors may undergo adverse changes since the last management evaluation. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional provision may be required in future accounting periods.

(g) Net realisable value of inventories

Management reviews the conditions of timber and other inventories at each balance sheet date, and make allowances for obsolete and slow-moving inventory items identified that are no longer suitable for use in production and/or sales in the market. These estimates are based on current market conditions and the historical experience of selling goods of similar nature. It could change significantly as a result of change in market condition. Management will reassess the estimations at each balance sheet date.

5. TURNOVER

The Company is an investment holding company. The Group is engaged in timber logging and trading, and cold warehouse rental.

	2008	2007
	HK$'000	*HK$'000*
Income from timber logging and trading	**32,021**	6,002
Gross rental income from cold storage warehouse (before direct outgoings of HK$839,000; 2007: HK$1,781,000)	**1,361**	4,378
	33,382	10,380

6. OTHER INCOME AND GAINS

	2008	2007
	HK$'000	*HK$'000*
Exchange gain, net	**1,120**	2,235
Waiver of loan from a former director of a subsidiary	**822**	—
Gain on disposal of subsidiarie s	**687**	—
Excess of acquirer's interest in the net fair value of acquiree's identifiable net assets over costs:		
Arising from acquisition of 44% issued share capital of Jaling Forest Industries Inc.	**379**	—
Arising from acquisition of additional interests in other subsidiaries	**952**	—
Realised gain on disposal of financial assets	**87**	1,920
Others	**1,362**	48
	5,409	4,203

7. FINANCE COSTS

	2008 *HK$'000*	2007 *HK$'000*
Interest on bank and other borrowings wholly repayable within five years	—	426

8. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is stated after charging:

	2008 *HK$'000*	2007 *HK$'000*
Auditor's remuneration	900	400
Depreciation of property, plant and equipment	2,004	567
Release of lease payments for land under operating lease	81	81
Amortisation of forest concession rights	—	488
Cost of inventories and timber harvested	19,391	4,065
Royalties	443	121
Staff cost (excluding directors' remuneration) Including		
— Salaries and allowances	4,650	4,425
— Share options granted to employees	855	1,732
— Pension fund contributions	173	251

9. TAXATION

	2008 HK$'000	2007 HK$'000
Hong Kong profits tax		
— current year	—	434
— prior years	(404)	—
PRC enterprise income tax	58	—
Taxation (credit)/charge	(346)	434

The taxation (credit)/charge for the year can be reconciled to the accounting profit/(loss) as follows:

	2008 HK$'000	2007 HK$'000
Profit/(loss) before taxation	19,445	(14,401)
Taxation calculated at 17.5% (2007: 17.5%)	3,403	(2,520)
(Over)/under provision in prior years	(404)	249
Net effect of non-taxable/deductible items	(8,228)	(207)
Net effect of tax losses and temporary differences not recognised	11,196	2,912
Tax effect on tax exemption granted by PRC tax authority	(6,218)	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	(95)	—
Taxation (credit)/charge	(346)	434

The statutory tax rate for Hong Kong profits tax is 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

On 27 February 2008, the Financial Secretary of the Hong Kong SAR Government announced his annual budget which proposed a cut in the profits tax rate from 17.5% to 16.5% with effect from the fiscal year 2008-09.

For the year ended 31 March 2008, the statutory corporate income tax rates applicable to the subsidiaries established and operating in the PRC ranged from 15% to 33% (2007: 15% to 33%).

10. DIRECTORS' REMUNERATION

Details of remuneration of each Director are shown below:

Year ended 31 March 2008

Name of Director	Fees *HK$'000*	Basic salaries, allowances and other benefits *HK$'000*	Retirement benefit scheme contribution *HK$'000*	Share option based payment *HK$'000*	Total *HK$'000*
Executive directors					
Fung Tsun Pong	—	3,850	12	—	3,862
Lau Sing Hung, Stephen (appointed on 1 June 2007)	—	3,000	10	—	3,010
Tsang Kam Ching, David	—	2,515	12	—	2,527
Chow Ki Shui, Louie (appointed on 1 June 2007)	—	1,500	10	—	1,510
Independent non-executive directors					
Yip Tak On	120	—	—	—	120
Jing Baoli	113	—	—	—	113
Bao Liang Ming	120	—	—	—	120
	353	10,865	44	—	11,262

10. DIRECTORS' REMUNERATION (CONTINUED)

Year ended 31 March 2007

Name of Director	Fees	Basic salaries, allowances and other benefits	Retirement benefit scheme contribution	Share option based payment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Fung Tsun Pong	—	688	24	210	922
Tsang Kam Ching, David	—	688	24	2,099	2,811
Independent non-executive directors					
Yip Tak On	120	—	—	—	120
Jing Baoli	137	—	—	—	137
Liu Ka Lim, Louis (resigned on 1 February 2007)	100	—	—	—	100
Bao Liang Ming	20	—	—	—	20
	377	1,376	48	2,309	4,110

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the year, the five highest paid individuals included four (2007: two) directors, details of whose emoluments are set out above. The emoluments of the remaining one (2007: three) individuals are as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries and other benefits	**275**	6,003
Retirement benefits scheme contributions	**—**	116
	275	6,119

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS (CONTINUED)

The emoluments of the employees are within the following band:

	Number of employees	
	2008	2007
Nil – HK$1,000,000	**1**	—
HK$1,500,000 or above	**—**	3
	1	3

During the years ended 31 March 2008 and 2007, no emoluments were paid by the Group to the five individuals with the highest emoluments as an inducement to join or upon joining the Group or as compensation for loss of office.

12. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit/(loss) attributable to equity holders of the Company for the year ended 31 March 2008 includes a loss of HK$24,880,000 (2007: loss of HK$15,917,000) which has been dealt with in the financial statements of the Company.

13. DIVIDEND

Pursuant to a resolution passed at the Directors' meeting on 29 July 2008, a final dividend of equivalent to HK$0.001 per share totalling HK$10,137,000 for the year ended 31 March 2008 was proposed for shareholders' approval at the Annual General Meeting. The dividend has not been provided for in the consolidated financial statements for the year ended 31 March 2008. The Directors of the Company did not recommend the payment or declaration of a dividend for the year ended 31 March 2007.

14. EARNINGS/LOSS PER SHARE

The calculation of the basic earnings/(loss) per share is based on the profit attributable to equity holders of the Company of HK$21,211,000 (2007: loss of HK$14,245,000) and on the weighted average number of 8,880,228,551 (2007: 6,910,472,656) ordinary shares in issue during the year.

The calculation of the diluted earning per share for the year ended 31 March 2008 is based on the profit attributable to equity holders of the Company of HK$21,211,000 and on the weighted average number of 9,486,130,190 ordinary shares outstanding during the year, being the weighted average number of ordinary shares of 8,880,228,551 used in basic earnings per shares calculation and adjusted for the effect of warrant issued of 605,901,639 potential dilutive ordinary shares.

The diluted loss per share for the year ended 31 March 2007 is not presented as the potential dilutive ordinary shares had anti-dilutive effect on the basic loss per share.

15. SEGMENT INFORMATION

(a) Business segments

For the years ended 31 March 2008 and 2007, the Group is engaged in the following two business segments:

(i) Timber logging and trading — the sale of timber logs from forest concession

(ii) Warehousing — cold storage warehouse rental, warehousing management services

15. SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued)

Segment information by business is presented as follows:

For the year ended 31 March 2008

	Timber logging and trading HK$'000	Warehousing HK$'000	Total HK$'000
REVENUE			
Turnover	32,021	1,361	33,382
Segment result	23,628	2,446	26,074
Unallocated interest income			6,474
Unallocated expenses			(33,118)
Gain on change in fair value of investment property			18,094
Unallocated other income and gains			1,921
Profit before taxation			19,445
Taxation			346
Profit for the year			19,791
OTHER INFORMATION			
Segment assets	738,649	51,061	789,710
Unallocated			403,371
Total assets			1,193,081
Segment liabilities	20,639	24	20,663
Unallocated			22,693
Total liabilities			43,356
Capital expenditure	14,458	—	14,458
Unallocated			32,229
Total capital expenditure			46,687
Depreciation and amortisation	1,000	—	1,000
Unallocated			1,004
Total depreciation and amortisation			2,004

15. SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued)

For the year ended 31 March 2007

	Timber logging and trading HK$'000	Warehousing HK$'000	Total HK$'000
REVENUE			
Turnover	6,002	4,378	10,380
Segment result	(724)	3,649	2,925
Unallocated interest income			463
Unallocated other income and gains			1,968
Unallocated expenses			(19,331)
Finance costs			(426)
Loss before taxation			(14,401)
Taxation			(434)
Loss for the year			(14,835)
OTHER INFORMATION			
Segment assets	280,784	30,941	311,725
Unallocated			18,713
Total assets			330,438
Segment liabilities	98,621	6,594	105,215
Unallocated			—
Total liabilities			105,215
Capital expenditure	44	221	265
Unallocated			3,636
Total capital expenditure			3,901
Depreciation and amortisation	488	—	488
Unallocated			567
Total depreciation and amortisation			1,055

15. SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments

The following table presents revenue, results and certain assets and expenditure for the Group's geographical segments for the two years ended 31 March 2008 and 2007:

	Hong Kong & PRC		Guyana		Australia		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE								
Turnover	**32,021**	6,002	**—**	—	**1,361**	4,378	**33,382**	10,380
SEGMENT RESULT	**23,007**	(15,845)	**(6,008)**	(1,785)	**2,446**	3,655	**19,445**	(13,975)
OTHER INFORMATION								
Segment assets	**586,166**	35,152	**555,854**	264,345	**51,061**	30,941	**1,193,081**	330,438
Segment liabilities	**30,936**	89,195	**12,396**	8,979	**24**	7,041	**43,356**	105,215
Capital expenditure	**40,285**	3,636	**6,402**	44	**—**	221	**46,687**	3,901
Depreciation and amortisation	**1,994**	491	**10**	488	**—**	76	**2,004**	1,055

16. INVESTMENT PROPERTY

	2008	2007
	HK$'000	*HK$'000*
Valuation:		
At 1 April	**29,640**	—
Reclassified from property, plant and equipment *(Note 17)*	**—**	24,589
Disposal	**(1,317)**	—
Fair value gain	**18,094**	1,845
Exchange difference	**3,583**	3,206
At 31 March	**50,000**	29,640

The investment property is held in freehold land outside Hong Kong.

16. INVESTMENT PROPERTY (CONTINUED)

The Group's investment property was revalued at 31 March 2008 by an independent firm of chartered surveyors, LCH (Asia-Pacific) Surveyors Limited. Due to the lack of an established market upon which to base comparable transactions as actual sales of comparable transactions on actual sales of comparable properties, the investment property has been valued on the basis of its depreciated replacement cost. Depreciated replacement cost is defined as "the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimatisation." The gain from the change in fair value estimated by the valuer at 31 March 2008 amounted to HK$18,094,000 has been credited to the consolidated income statement for the year ended 31 March 2008 (2007: HK$1,845,000).

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Cold storage warehouse *HK$'000*	Building *HK$'000*	Leasehold improvement *HK$'000*	Furniture, machinery and equipment *HK$'000*	Motor vehicles *HK$'000*	Construction in progress *HK$'000*	Total *HK$'000*
Cost or valuation:							
At 1 April 2006	22,900	4,190	–	9,117	642	–	36,849
Reallocation to investment property *(Note 16)*	(22,900)	–	–	(6,967)	–	–	(29,867)
Additions	–	–	–	3,751	150	–	3,901
Surplus on revaluation	–	370	–	–	–	–	370
Exchange difference	–	–	–	24	89	–	113
At 31 March 2007	–	4,560	–	5,925	881	–	11,366
Additions	–	–	421	9,481	5,027	31,758	46,687
Disposal/write off	–	–	–	(1,377)	–	–	(1,377)
Exchange difference	–	–	24	160	366	1,773	2,323
Surplus on revaluation	–	8,440	–	–	–	–	8,440
	–						
At 31 March 2008	**–**	**13,000**	**445**	**14,189**	**6,274**	**33,531**	**67,439**
Analysis of cost or valuation							
2007							
At Cost	–	–	–	5,925	881	–	6,806
At valuation	–	4,560	–	–	–	–	4,560
	–	4,560	–	5,925	881	–	11,366
2008							
At cost	**–**	**–**	**445**	**14,189**	**6,274**	**33,531**	**54,439**
At valuation	**–**	**13,000**	**–**	**–**	**–**	**–**	**13,000**
	–	**13,000**	**445**	**14,189**	**6,274**	**33,531**	**67,439**

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Cold storage warehouse HK$'000	Building HK$'000	Leasehold improvement HK$'000	Furniture, machinery and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Accumulated depreciation:							
At 1 April 2006	–	–	–	6,960	578	–	7,538
Written back on reclassification to investment property *(Note 16)*	–	–	–	(5,278)	–	–	(5,278)
Charge for the year *(Note 8)*	–	–	–	484	83	–	567
Exchange difference	–	–	–	16	82	–	98
At 31 March 2007	–	–	–	2,182	743	–	2,925
Charge for the year *(Note 8)*	–	–	23	1,424	557	–	2,004
Disposal/write off	–	–	–	(800)	–	–	(800)
Exchange difference	–	–	1	93	124	–	218
At 31 March 2008	**–**	**–**	**24**	**2,899**	**1,424**	**–**	**4,347**
Net carrying amount:							
At 31 March 2008	**–**	**13,000**	**421**	**11,290**	**4,850**	**33,531**	**63,092**
At 31 March 2007	–	4,560	–	3,743	138	–	8,441

The property held by the group was revalued at 31 March 2008 at their open market value by reference to an open market value basis calculated by reference to net rental income allowing for reversionary income potential. The valuation was carried out by an independent firm of chartered surveyors, LCH (Asia-Pacific) Surveyors Limited. The revaluation surplus of HK$7,316,000 net of applicable deferred tax has been transferred to asset revaluation reserves.

Had this building been carried at cost less accumulated depreciation, its carrying amount would have been HK$3,252,829 (2007: HK$3,322,038).

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

	Furniture, machinery and equipment	
	2008	2007
	HK$'000	*HK$'000*
Cost:		
At 1 April	**1,221**	1,049
Additions	**175**	172
Disposals	**(1,063)**	—
At 31 March	**333**	1,221
Accumulated depreciation:		
At 1 April	**604**	379
Charge for the year	**270**	225
Written back on disposal	**(803)**	—
At 31 March	**71**	604
Net carrying amount:		
At 31 March	**262**	617

18. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent land use rights in the PRC under medium term lease.

	Group	
	2008	2007
	HK$'000	*HK$'000*
Cost:		
At 1 April	**3,554**	3,635
Additions *(note)*	**22,893**	—
Release to profit or loss *(Note 8)*	**(81)**	(81)
At 31 March	**26,366**	3,554
Classified as current portion	**(81)**	(81)
Classified as non-current portion	**26,285**	3,473

Note: Included prepaid lease payments of HK$20,091,000 arising from the acquisition of Plantation disclosed in Note 34 to the financial statements.

19. BIOLOGICAL ASSETS

	Seedlings *HK$'000*	Standing trees *HK$'000*	Total *HK$'000*
At 1 April 2006 and 31 March 2007	—	—	—
Additions at fair value *(Note 34)* (at cost of approximately HK$5,685,000 plus fair value gain at recognition of approximately HK$20,000,000)	1,460	25,685	27,145
Plantation expenditure incurred	2,507	4,737	7,244
Harvested timber transferred to inventories and sold	—	(14,850)	(14,850)
Direct sales	(2,446)	—	(2,446)
Change in fair value less estimated point-of-sale costs	—	5,513	5,513
At 31 March 2008	**1,521**	**21,085**	**22,606**

The Group's biological assets are located in the People's Republic of China. Standing trees are planted on leasehold land of approximately 72,300 Chinese Mu with 50 years term, expiring in 2057. The Group has entered into a binding agreement with the People's Government of Da Bu County for acquisition of not less than 500,000 Chinese Mu of forest land and its biological assets. Details of the transaction are disclosed in Note 34 to the financial statements.

During the year ended 31 March 2008, the Group harvested and sold approximately 42,084 Chinese Mu of round logs, which had a fair value less estimated point-of-sale costs of approximately HK$14,850,000 (2007: Nil).

The Group's standing trees were independently valued by LCH (Asia-Pacific) Surveyors Limited (the "Valuer"). The Valuer has adopted market value approach for the valuation of standing trees. The method uses the present market value in terms of price per unit cubic metre of round logs and the total mechantable volume of timber in the forest at 31 March 2008 as basis for coming up the fair value less estimated point-of-sale costs. The principal assumptions adopted are as follows:

— the Group is to produce round logs;

— the standing trees are free from all encumbrances, restrictions and outgoings of an onerous nature which could affect its value;

— the factors of natural defects in the wood such as physical defects, rots and directions of grain have been allowed for reasonable recovery rate for the valuation.

Seedlings are carried at cost which are not materially different from their fair values as at 31 March 2008 as determined by the directors of the Company.

20. FOREST CONCESSION RIGHTS

	Group	
	2008	2007
	HK$'000	*HK$'000*
		(Note 48)
Cost:		
At 1 April	**269,700**	—
Acquisition of subsidiaries *(Note 33)*	**264,779**	269,700
At 31 March	**534,479**	269,700
Accumulated amortisation:		
At 1 April	**668**	—
Acquisition of subsidiaries *(Note 33)*	**—**	180
Amortisation for the year *(Note 8)*	**—**	488
At 31 March	**668**	668
Net carrying amount:		
At 31 March	**533,811**	269,032

The forest concession rights, are purchased as part of business combinations during the years ended 31 March 2007 and 2008, are initially recognised at their fair values on acquisition with reference to the cash paid and quoted market price of the shares of the Company issued for the business combinations.

The recoverable amount of the forest concession rights are determined based on the value in use calculations for which the key assumptions are the discount rates, budgeted profit margin and turnover during the forecast period. The estimated recoverable amount of the forest concession rights exceeds their carrying amount at the balance sheet date and therefore, no impairment loss is recognised. At subsequent balance sheet dates, forest concession rights are measured using the cost model.

Amortisation is provided to write off the cost of the forest concession rights using the units of production method based on the proven and probable timber resources.

No amortisation was charged for the year ended 31 March 2008 as there was no logging of trees. The amortisation charge for prior year was included in selling and administrative expenses.

20. FOREST CONCESSION RIGHTS (CONTINUED)

During the years ended 31 March 2007 and 2008, the Group acquired a total 95% equity interest in Jaling Forest Industries Inc. ("Jaling") as referred to Note 33 to the financial statements. On 22 August 2003 Jaling was granted a State Forest Exploratory Permit (1/2003) by the Commissioner of Forests, Guyana Forestry Commission, to carry out exploratory work on an area of 167,000 hectares (approximately 412,000 acres) for a period of 3 years. Pursuant to the Timber Sales Agreement (TSA 02/2005) date 25 January 2005, Jaling was granted with an exclusive timber concession right by the Commissioner of the Guyana Forestry Commission for a period of 25 years, commencing on 25 January 2005 and until 24 January 2030 (both dates inclusive) to occupy, cut and remove timber from an area of approximately 136,900 hectares (approximately 338,000 acres) in the State Forest of Guyana, South America ("the Forest"), which include a block located on the left bank of Whana River, Guyana – Venezuela border, right bank of Whannamaparu River and left bank of Barama River and another block located on the left bank of Sebai River, right bank of Waiumu River and right bank of India River ("Forest Concession Right"). Under these exploratory permit and concession right, the Company shall pay a total acreage fee of approximately HK$9,000,000 charged on all forestry area as prescribed by the Forest Act and Regulations of Guyana. In addition, based on a letter dated 23 November 2004 issued by the Commissioner of Forests, Guyana Forestry Commission, the Guyana Forestry Commission has committed in principle to find an additional area in the proximity of the current concession which would compensate more or less to the area that was exercised and bring the total concession acreage as close as possible to the original 167,000 hectares (approximately 412,000 acres) at terms same as the forest concession right. Based on a letter from Guyana Forestry Commission dated 19 January 2006, the Guyana Forestry Commission has approved to grant two more additional areas at Baramita and Sebai reservations to Jaling, however, the relevant concession right has not yet been issued to the Company as at 31 March 2008 and up to date of this report. Jaling has completed the necessary exploratory studies to obtain the forest concession right. About 2.8 million cubic metres of timber can be harvested from the Jaling Forest with reference to the Forest Act and Regulations of Guyana.

On 18 August 2004, Garner was granted a State Forest Exploratory permit (3/2004) by the Commissioner of Forests, Guyana Forestry Commission, to carry out exploratory work on an area of 90,469 hectares (approximately 223,552 acres) for a period of 3 years. Pursuant to the Timber Sales Agreement (TSA 03/2005) dated 11 June 2005, Garner was granted with an exclusive concession right by the Commissioner of Guyana Forestry Commission for a period of 25 years, commencing on 11 June 2005 and until 10 June 2030 (both dates inclusive) to occupy, cut and remove timber from an area of approximately 92,737 hectares (approximately 229,158 acres) in the State Forest of Guyana, South America, which includes a block located on the left bank of Mazaruni River, right bank of Puruni River, left bank of Putareng River of Guyana. Under these exploratory permit and concession rights, Garner shall pay a total acreage fee of approximately HK$5,375,000 charged on all forestry area as prescribed by the Forest Act and Regulations of Guyana. Garner has completed the necessary exploratory studies and obtained the forest concession right. About 1.56 million cubic metres of timber can be harvested from the Garner Forest with reference to the Forest Act and Regulations of Guyana.

21. INTERESTS IN SUBSIDIARIES

	Company	
	2008	2007
	HK$'000	*HK$'000*
Unlisted shares, at cost	**10**	10
Due from subsidiaries	**1,037,729**	449,803
	1,037,739	449,813
Less: Impairment losses	**(386,863)**	(386,863)
	650,876	62,950

Particulars of the Company's subsidiaries as at 31 March 2008 are set out in Note 43 to the financial statements.

Amounts due from subsidiaries are unsecured, non-interest bearing and in substance represent the Company's interest in the subsidiaries in the form of quasi-equity loans. The amounts are not expected to be settled within the next twelve months.

An allowance for amounts due from subsidiaries of HK$386,863,000 (2007: HK$386,863,000) was recognised as at 31 March 2008 because the balances due from subsidiaries with reference to the net assets value of the respective subsidiaries were estimated to be less than their carrying amounts. Accordingly, the carrying amount of the related investment costs and amounts due from them is reduced to their recoverable amounts.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2008	2007
	HK$'000	*HK$'000*
At fair value		
Trading securities		
— Listed equity securities in Hong Kong	**1,786**	3,516
Market value of listed securities	**1,786**	3,516

23. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company	
	2008	2007
	HK$'000	*HK$'000*
Held for trading		
— Hong Kong Hang Seng Index future contracts	**—**	1,040

The above derivatives are measured at fair value at each balance sheet date. Their fair values are determined based on the quoted market prices for equivalent instruments at the balance sheet date.

24. INVENTORIES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Timber logs and products	**38,715**	3,470	**12,505**	—

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**—**	1,149	**—**	—
Other receivables	**7,144**	77	**197**	68
Deposits paid	**23,344**	837	**369**	836
Prepayment	**45,563**	566	**16,154**	475
	76,051	2,629	**16,720**	1,379

The credit terms allows an average credit period of 60 days to its trade customers.

Details of the aged analysis of trade receivables of the Group are as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Outstanding balances aged:				
0 to 30 days	**—**	713	**—**	—
31 to 60 days	**—**	426	**—**	—
61 to 180 days	**—**	10	**—**	—
Over 180 days	**—**	—	**—**	—
	—	1,149	**—**	—

Included in trade receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	Group		Company	
	2008	2007	**2008**	2007
	'000	*'000*	***'000***	*'000*
Australian Dollars	**—**	853	**—**	—
Guyana Dollars	**—**	296	**—**	—
	—	1,149	**—**	—

26. CASH AND BANK BALANCES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**339,838**	9,116	**292,696**	8,227

Cash and bank balances were denominated in the following currencies:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong Dollars	**293,103**	8,711	**292,685**	8,227
Renminbi	**44,203**	—	**—**	
United States Dollars	**9,710**	389	**11**	—
Australian Dollars	**672**	9	**—**	—
Guyana Dollars	**150**	7	**—**	—
	339,838	9,116	**292,696**	8,227

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**—**	603	**—**	—
Other payables and accruals	**30,478**	95,783	**11,309**	1,297
	30,478	96,386	**11,309**	1,297

27. TRADE AND OTHER PAYABLES (CONTINUED)

Details of the aged analysis of trade payables of the Group are as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Outstanding balances aged:				
0 to 30 days	**—**	—	**—**	—
31 to 60 days	**—**	—	**—**	—
61 to 90 days	**—**	—	**—**	—
Over 90 days	**—**	603	**—**	—
	—	603	**—**	—

Trade and other payable were denominated in the following currencies:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong Dollars	**2,100**	88,216	**—**	1,297
Renminbi	**21,085**	—	**11,309**	—
United States Dollars	**7,268**	7,838	**—**	—
Australian Dollars	**24**	332	**—**	—
Guyana Dollars	**1**	—	**—**	—
	30,478	96,386	**11,309**	1,297

28. SHORT TERM BORROWINGS

The amount is unsecured, interest bearing at 9.6% per annum, and is repayable on 17 September 2008.

29. BANK LOAN

	Group	
	2008	2007
	HK$'000	*HK$'000*
Bank loan — secured	**—**	6,250

The bank loan is repayable after one year, but not exceeding two years.

30. AMOUNTS DUE TO A FORMER DIRECTOR OF A SUBSIDIARY/SUBSIDIARIES

The amounts due to a former director (Mr. Chan Chiu Hung, Danny) of a subsidiary/subsidiaries are unsecured, interest free and repayable within the next twelve months from the balance sheet date.

31. DEFERRED TAX LIABILITIES

The movement in deferred tax assets and liabilities during the year was as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
At 1 April	**450**	241
Deferred taxation charged directly to reserves	**1,124**	209
At 31 March	**1,574**	450

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$66,010,000 (2007: HK$55,098,000) approximately to be carried forward for offset against future taxable income. The tax losses may be carried forward indefinitely.

At the balance sheet date, temporary differences associated with the revaluation on overseas properties of HK$35,600,000 (2007: HK$17,506,000) for which deferred tax liabilities have not been recognised. No liability has been recognised in respect of these differences because the Group's overseas subsidiaries had sufficient tax losses carried forward to offset the liability.

32. SHARE CAPITAL

	Note	2008 Number of shares '000	2008 Amount HK$'000	2007 Number of shares '000	2007 Amount HK$'000
Authorised:					
Ordinary shares of HK$0.01 each					
At 1 April		**10,000,000**	**100,000**	10,000,000	100,000
Increase during the year	*(a)*	**10,000,000**	**100,000**	—	—
At 31 March		**20,000,000**	**200,000**	10,000,000	100,000
Issued and fully paid:					
Ordinary shares of HK$0.01 each					
At 1 April		**7,126,137**	**71,261**	6,602,293	66,023
Issue of new shares for business combinations	*(b)*	**732,641**	**7,326**	523,844	5,238
Exercise of share options	*(c)*	**128,287**	**1,283**	—	—
Issue of new shares on share placing	*(d)*	**2,150,000**	**21,500**	—	—
At 31 March		**10,137,065**	**101,370**	7,126,137	71,261

Notes:

(a) Authorised share capital

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 23 August 2007, the authorised ordinary share capital of the Company was increased from HK$100,000,000 divided into 10,000,000,000 shares of a par value of HK$0.01 each to HK$200,000,000 shares of a par value of HK$0.01 each by the creation of an additional 10,000,000,000 new shares of a par value of HK$0.01 each.

(b) Business combinations

On 29 June 2007 and 31 December 2007, 93,545,369 and 125,260,960 new ordinary shares of HK$0.01 each were issued at HK$0.29 and HK$0.2395 per share respectively as settlement of the consideration for the acquisition of 51% equity interest in Jaling Forest Industries Inc. Details of which were disclosed in the circular of the Company dated 1 September 2006.

On 24 October 2007, 513,833,992 new ordinary shares of HK$0.01 each were issued at HK$0.35 per share as settlement of the consideration for the further acquisition of 44% equity interest in Jaling Forest Industries Inc. Details of which were disclosed in the circular of the Company dated 28 September 2007.

32. SHARE CAPITAL (CONTINUED)

Notes:

(c) Exercise of share options

On 7 May 2007 and 8 October 2007, 128,286,948 share options granted by the Company were exercised to subscribe for 128,286,948 ordinary shares of the Company at an aggregate consideration of HK$10,006,000, of which HK$1,283,000 was credited to share capital and the remaining balance of HK$8,723,000 was credited to the share premium account. An amount of approximately HK$4,014,000 has been transferred from the share option reserve to the share premium account.

(d) Placement of shares

On 27 June 2007 the Company placed, through a placing agent, CITIC Securities Corporate Finance (HK) Limited, 1,250,000,000 ordinary shares of HK$0.01 each of the Company at the placing price HK$0.29 under a placing agreement dated 13 June 2007.

On 14 November 2007, the Company, Ocean Gain Limited, the entire issue share capital of which is directly wholly owned by Mr Fung Tsun Pong, the Chairman and executive director of the Company, and Mr Fung Tsun Pong entered into a placing agreement with an independent placing agent for the placement of 900,000,000 ordinary shares of the Company owned by Ocean Gain Limited and Mr Fung Tsun Pong at a price of HK$0.3575 per share. Pursuant to a subscription agreement of the same date, Ocean Gain Limited and Mr Fung Tsun Pong subscribed for 900,000,000 new ordinary shares of the Company at a price of HK$0.3575 per share.

The placements of shares raised total consideration of HK$666,200,000 (net of issuing expenses) to provide general working capital for the Group and strengthen the financial position of the Company.

All these new ordinary shares rank pari passu in all respects with the existing shares of the Company.

33. BUSINESS COMBINATIONS

(a) Acquisition of Jaling Forest Industries Inc. (“Jaling”)

During the year ended 31 March 2007, the Group acquired 51% of the issued share capital of Jaling (“2007 Acquisition”). On 24 October 2007, the Group acquired another 44% of the issued share capital of Jaling (“2008 Acquisition”). The 2007 and 2008 Acquisitions have been accounted for using the purchase method of accounting.

The provisional fair values of the assets and liabilities acquired in the 2007 Acquisition were finalised in the year ended 31 March 2008, details of which are set out in Note 48.

33. BUSINESS COMBINATIONS (CONTINUED)

(a) Acquisition of Jaling Forest Industries Inc. ("Jaling") (Continued)

The 2007 and 2008 Acquisitions were accounted for as business combination achieved in stages. Therefore, the fair value of the identifiable assets and liabilities for the 2008 Acquisition are as follows:

	Acquiree's carrying amount before combination *HK$'000*	Fair value adjustments *HK$'000*	Fair value *HK$'000*
Net assets acquired:			
Property, plant and equipment	1,397	—	1,397
Forest concession rights	8,332	410,108	418,440
Trade and other receivables	1,269	—	1,269
Cash and bank balances	1,778	—	1,778
Trade and other payables	(18,023)	—	(18,023)
Inventories	3,470	—	3,470
Minority interest	(116)	—	(116)
	(1,893)	410,108	408,215
Less: Net assets value attributable to 51% of acquisition already owned by the Group in 2007 Acquisition			(208,189)
Net asset value attributable to 5% by minority interest			(19,805)
Net asset value to 44% of equity interest acquired by the Group in 2008 Acquisition			180,221
Excess of the Group's share of net fair value of the interest in subsidiary acquired over the cost of the acquisition			(379)
Total consideration			179,842
Consideration satisfied by:			
Shares of the Company — at fair value			179,842

33. BUSINESS COMBINATIONS (CONTINUED)

(a) Acquisition of Jaling Forest Industries Inc. ("Jaling") (Continued)

The fair value of the 513,833,992 new ordinary shares of the Company issued as the consideration was determined, with reference to the market share price of HK$0.35 of the Company's shares at the acquisition date, at the total fair value of HK$179,842,000 of which HK$5,138,000 was credited to share capital and the remaining balance of HK$174,704,000 was credited to the share premium account (Note 32).

(b) Acquisition of Garner Forest Industries Inc. ("Garner")

On 24 October 2007, the Group acquired 100% of the issued share capital of Garner. The acquisition has been accounted for using the purchase method of accounting. The consideration comprised cash of HK$110,000,000.

The net assets acquired in the transaction are as follows:

	Acquiree's carrying amount before combination *HK$'000*	Fair value adjustments *HK$'000*	Fair value on acquisition *HK$'000*
Net assets acquired:			
Forest concession right	6,097	109,274	115,371
Trade and other payables	(5,371)	—	(5,371)
Total consideration	726	109,274	110,000
Consideration satisified by:			
Cash			110,000

34. ACQUISITIONS OF PLANTATION

(a) On 15 October 2007, 樹人木業(大埔)有限公司, a wholly owned subsidiary of the Company, entered into a legally binding agreement with the People's Government of Da Bu County ("Binding Agreement"), an independent third party of the Company, engaging it to arrange and procure the acquisition of the Leasehold Interest in not less than 500,000 Chinese Mu of forest land and its biological assets. The total consideration is expected to be not more than RMB150 million (equivalent to approximately HK$166,719,000). The terms shall be prescribed in the formally signed sale and purchase agreement to be entered into with leaseholders by the Company. Under the Binding Agreement, the Company is also required to pay a one-off arrangement fee of RMB2,500,000 (equivalent to approximately HK$2,779,000) to the People's Government of Da Bu County. The Group's commitment is disclosed in note 40.

At 31 March 2008, the subsidiary has been granted with forestry right for an area of approximately 72,300 Chinese Mu and so the corresponding cost of acquisition of the biological assets and the payment for the land use rights was recognised as biological assets and the prepaid lease payments as follows:

	2008 ***HK$'000***
Acquisition of land use right *(Note 18)*	**20,091**
Acquisition of biological assets *(Note 19)*	**5,685**
	25,776
Cash paid	**68,355**
Prepayment	**42,579**

34. ACQUISITIONS OF PLANTATION (CONTINUED)

(b) On 30 August 2007, 樹人苗木組培(大埔)有限公司, a wholly owned subsidiary of the Company acquired the facilities and seedlings of the plantation centre of Da Bu County at a total consideration of RMB2,100,000 (equivalent to approximately HK$2,334,000). The cost of seedlings was approximately HK$1,460,000 and recorded as biological assets (Note 19).

35. DISPOSAL OF SUBSIDIARIES

On 29 February 2008, the Group disposed of its subsidiaries and the details of the disposed subsidiaries during the year are as follows:

	2008 *HK$'000*
Net assets disposed of:	
Accrual and other payables	**(897)**
Amount due to derecognised former subsidiaries under liquidation	**(490)**
	(1,387)
Gain on disposal *(Note 6)*	**687**
Total consideration	**700**
Satisfied by:	
Deferred consideration	**700**

The disposed subsidiaries did not contribute much to the Group's results.

36. SHARE OPTIONS

The Share Option Scheme adopted on September 1999 was terminated and replaced by a New Share Option Scheme on 16 July 2004. The New Share Option Scheme shall remain in force for 10 years from the adoption date unless otherwise terminated or amended.

The exercise price of the options shall be determined by the Directors of the Company, but may at least be the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the grant of the share options; and (iii) the nominal value of an ordinary share. The maximum number of shares in respect of which options may be granted under the New Share Option Scheme shall not exceed 10% of the issued share capital of the Company from time to time.

The following table shows the movements of the Company's share options during the years ended 31 March 2007 and 2008.

Date of share options granted	Number of share options granted	Number of share options exercised during the period	Number of share options outstanding at the end of the period	Exercise price *(HK$)*	Exercise period
2007					
9 June 2006	128,286,948	(128,286,948)	—	0.078	9 June 2006 to 8 June 2009
2008					
24 October 2007	6,000,000	—	6,000,000	0.35	24 October 2007 to 24 October 2008

In assessing the theoretical aggregate value of the share options granted and fully accepted during the year, the result of the Black-Scholes option pricing model performed by an independent valuer, LCH (Asia- Pacific) Surveyors Limited, was used. The fair value of the share options granted during the year was HK$855,000 which was recognised as share-based payment expense during the year (2007: HK$4,041,000).

36. SHARE OPTIONS (CONTINUED)

Notes

According to the Black-Scholes option pricing model, the fair value of the options was estimated at HK$855,000 as at 24 October 2007 (when the options were granted) with the following variables and assumptions:

— Risk Free Interest Rate:	3.27%, being the approximate yield of the 4-year Exchange Fund Note trade on 6 June 2006
— Expected Volatility:	104.08%, being the annualised standard deviation of the continuously compounded rates of return on the share prices of three other comparable listed Hong Kong companies with similar business operations
— Expected Life of the Options:	1 year from the date of granting
— Share Price at Grant Date:	HK$0.35
— Expected Dividends:	Nil

37. RETIREMENT BENEFIT SCHEMES

With effect from 1 December 2000, the Group has also joined a MPF Scheme for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately form 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 scheme at rate specified in the rules. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the scheme.

The MPF Scheme is available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions are made by the Group at 5% based on the staff's relevant income. The maximum relevant income for contribution purpose is HK$20,000 per month. Staff members are entitled to 100% of the Group's contributions together with accrued returns irrespective of their length of service with the Group, but the benefits are required by law to be preserved until the retirement age of 65.

38. NON-CASH TRANSACTIONS

As discussed in Note 33 to the financial statements, the Group settled the consideration of HK$38,496,000 and HK$236,407,000 for the acquisition of subsidiaries during the year ended 31 March 2008 and 2007 respectively by issue of ordinary shares to the vendors.

39. OPERATING LEASE COMMITMENTS

The Group leases its office property, under operating lease arrangements. Lease for property is negotiated for terms for one to four years.

At 31 March 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2008	2007
	HK$'000	*HK$'000*
Within one year	**1,458**	455
In the second to fifth years, inclusive	**1,443**	—
	2,901	455

40. CAPITAL COMMITMENTS

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

		2008	2007
		HK$'000	*HK$'000*
Contracted but not provided for			
— acquisition of plantation assets	*(note i)*	**100,031**	—
— acquisition of property, plant and equipment and land use rights		**174,795**	—
— acquisition of investments	*(note ii)*	**—**	26,500
		274,826	26,500

Notes:

(i) As disclosed in Note 34 to the financial statements, the Group entered into the Binding Agreement for a consideration of not more than approximately HK$166,719,000, of which deposit of approximately HK$66,688,000 had been paid and the remaining balance of approximately HK$100,031,000 had not been provided for.

(ii) it represented the capital contribution for 51% equity interest in the enlarged paid-up capital of the Henan Fu Yuan Petroleum and Chemical Engineering Company Limited (河南阜源石油化工有限公司) ("Fuyuan"), a private company incorporated in PRC, under the acquisition agreement signed on 7 January 2006. Further details are set out in the Company's circular dated 26 May 2006. The agreement has lapsed on 6 September 2007. Details are set out in the Company's announcement dated 6 September 2007.

41. PLEDGE OF ASSETS

At the balance sheet date, the following assets of the Group have been pledged to secure credit facilities granted to and utilised by the Group.

	2008	2007
	HK$'000	*HK$'000*
Investment property	—	29,640

42. CONTINGENT LIABILITIES

The Group's operations are regulated by various laws and regulations in Guyana. Guyana laws and regulations for the protection of the environment and wild life have generally become more stringent in recent years and could become more stringent in future. Some of these laws and regulations could impose significant costs, expenses, penalties and liabilities on the Group. The financial position of the Group may be adversely affected by any environmental liabilities which may be imposed under such new environmental laws and regulations. The directors are not aware of any environmental liabilities as at the balance sheet date and up to the date of this report. The directors are also not aware of any violation to existing conditions attached to the Group's timber concession rights, or subject to any significant costs, expenses, penalties and liabilities.

43. RELATED PARTY TRANSACTIONS

	Group		**Company**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Consultancy fee paid to Chan Chiu Hung, Danny	**600**	150	**600**	—

Mr. Chan Chiu Hung Danny is a former director of Jaling. A monthly consultancy fee of HK$50,000 is payable for his services rendered to Jaling after the Group acquired 95% issued share capital of Jaling, Mr. Chan Chiu Hung, Danny beneficially owns the remaining 5% issued capital of Jaling at 31 March 2008.

44. PARTICULARS OF SUBSIDIARIES

Name	Place of incorporation and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interest: Held by the company*/ subsidiaries %	Proportion of ownership interest: Attributable to the Group %	Principal activity
Allied National Ltd.	British Virgin Islands/ Hong Kong	US$1 share	100	100	Investment holding
Australian Service Cold Storage (N.S.W) Pty Ltd	Australia	A$2,500,002 shares	100	100	Dormant
Seapower Resources Australia Pty Ltd	Australia	A$700,002 shares	100	100	Investment holding
Seapower Resources Gosford Pty Ltd	Australia	A$4,200,002 shares	100	100	Cold storage warehousing
Triumph Kind Investment Limited	Hong Kong	HK$1 share	100*	100	Investment in property
Wide Forest Limited	Hong Kong	HK$1 share	100*	100	Investment holding
Seapower Resources Investment Pty Ltd	Australia	A$2,000,002 shares	100	100	Investment holding
Seapower Investment (China) Limited	Hong Kong	HK$10,000 shares	100*	100	Investment holding
Jaling Forest Industries Inc.	Guyana	G$500,000 shares	100	95	Timber logs
Garner Forest Industries Inc.	Guyana	G$100,000 shares	100	100	Timber logs
W&J Forest Resources Development Limited	Hong Kong	HK$10,000 shares	100	95	Dormant
Glory Success Trading Limited	Hong Kong	HK$10 shares	100*	100	Trading
Vastrich Corporation Limited	Hong Kong	HK$1 share	100*	100	Investment holding

44. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name	Place of incorporation and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interest Held by the company*/ subsidiaries %	Attributable to the Group %	Principal activity
Triumph Max Investment Limited	Hong Kong	HK$100 shares	100*	100	Investment holding
Smart Fancy (China) Limited	Hong Kong	HK$1 share	100*	100	Investment holding
China Timber Maritime Limited	British Virgin Islands	HK$20,000,000	100	65	Investment holding
樹人木業（深圳）有限公司	People Republic of China	RMB30,246,524	100	100	Investment holding
廣州樹人木業有限公司	People Republic of China	RMB1,000,000	100	100	Dormant
樹人木業（大埔）有限公司	People Republic of China	RMB75,295,000	100	100	Forest operation, timber logging and trading
樹人苗木組培（大埔）有限公司	People Republic of China	RMB4,721,500	100	100	Seedling plantation and trading
東莞樹人木業有限公司	People Republic of China	RMB18,578,000	100	100	Investment holdings
Unisea Wood Development Inc.	Guyana	G$10,000	100*	100	Dormant
Afforce Limited	Hong Kong	HK$1 share	100*	100	Investment holdings
Bondwell International Group Limited	British Virgin Islands	HK$1 share	100*	100	Investment holdings
Best Idea International Investment Limited	British Virgin Islands	HK$1 share	100*	100	Investment holdings

45. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are currency risk, credit risk, liquidity risk, interest rate risk and nature risk. These risks are limited by the Group's financial management policies and practices described below. Generally, the Group introduces conservative strategies on its risk management. The Group has not used any derivatives and other instruments for hedging purposes nor does it hold or issue derivative financial instruments for trading purposes.

(i) Currency risk

The group companies mainly operated in their local jurisdiction with most of the transactions settled in their functional currency of the operation and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

(ii) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the available of funding through an adequate amount of committed credit facilities and the ability to close our market positions. Due to the dynamic nature of the underlying business, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

(iv) Cash flow and fair value interest risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(v) Nature risk

The Group's revenue depends significantly on the ability to harvest wood at adequate levels. The ability to harvest wood in the concessions and the growth of the trees in the plantations may be affected by unfavourable local weather conditions and natural disasters. Weather conditions such as floods, droughts, cyclones and windstorms and natural disasters such as earthquakes, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions or natural disasters may diminish the supply of trees available for harvesting in the concessions, or otherwise impede the Group's logging operations or the growth of the trees in the plantations, which in turn may have a material adverse effect on the Group's ability to produce the products in sufficient quantities and a timely manner.

45. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONTINUED)

(v) Nature risk *(Continued)*

Moreover, bad weather may adversely affect the condition of the Group's transportation infrastructure, which is critical for the Group to supply timber from the timber concessions to the Group's manufacturing plants and customers. The Group has developed a strategy for utilising different transportation modes and stockpiling, but its daily operations may be unfavourable affected by interruption of transportation due to bad weather or other reasons.

46. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. The gearing ratios at 31 March 2008 and 2007 are as follows:

	2008 *HK$'000*	2007 *HK$'000*
Total liabilities	**43,356**	105,215
Total assets	**1,193,081**	330,438
Gearing ratio	**3.6%**	32%

The decrease in gearing ratio at 31 March 2008 resulted primarily from the repayment of bank loan and cash generates from the placement of shares.

47. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the group's financial assets and financial liabilities as recognised at 31 March 2008 and 2007 may be categorised as follows:

	2008 *HK$'000*	2007 *HK$'000*
Financial assets		
Fair value through profit or loss — held for trading	**1,786**	3,516
Derivative financial instruments	**—**	1,040
Loans and receivables (including cash and bank balances)	**385,778**	13,893
Financial liabilities		
Financial liabilities measured at amortised cost	**43,356**	105,215

48. RE-STATEMENT OF COMPARATIVE FINANCIAL INFORMATION — ACQUISITION OF JALING FOREST INDUSTRIES INC ("JALING") DURING YEAR ENDED 31 MARCH 2007

During the year ended 31 March 2007, the Group acquired 51% of the issued share capital of Jaling ("2007 Acquisition"). The 2007 Acquisition was accounted for using the purchase method of accounting and the excess of the cost of the acquisition over the fair value of the Group's share of the identified net tangible assets acquired was initially recorded as goodwill of HK$160,596,000 in the Consolidated Balance Sheet as at 31 March 2007.

The provisional fair values of the assets and liabilities acquired in the 2007 Acquisition were finalised in the year ended 31 March 2008 in accordance with the requirements of HKFRS 3 "Business Combinations" as follows:

	Final fair values on acquisition (restated)	Adjustments		Provisional fair values on acquisition (previously reported)	Carrying amounts before combination
	HK$'000	*HK$'000*		*HK$'000*	*HK$'000*
Net assets acquired:					
Cash and cash equivalents	12	—		12	12
Other receivables	2,177	—		2,177	2,177
Other payables	(8,132)	—		(8,132)	(8,132)
Forest concession rights	269,520	260,700	(i)	8,820	8,820
Minority interests	(712)	(712)		—	—
	262,865	259,988		2,877	2,877
Minority interest (49%)	(128,804)	(127,031)	(iii)	(1,773)	(1,773)
Goodwill	—	(160,596)	(i)	160,596	
	134,061	(27,639)		161,700	
Satisfied by:					
Cash paid	15,000	—		15,000	
Issue of shares (including acquisition — related expenses)	38,496	(24,204)	(ii)	62,700	
Other payables	80,565	(3,435)	(iv)	84,000	
	134,061	(27,639)		161,700	

48. RE-STATEMENT OF COMPARATIVE FINANCIAL INFORMATION — ACQUISITION OF JALING FOREST INDUSTRIES INC ("JALING") DURING YEAR ENDED 31 MARCH 2007 (CONTINUED)

In finalising the 2007 Acquisition, the Directors have conducted a detailed analysis of the characteristics of the business of Jaling and concluded that the forestry concession rights granted by the Guyana Forestry Commission to Jaling meet the definition of intangible assets according to Hong Kong Accounting Standard 38 "Intangible Assets" at the date of the acquisition, and should therefore be recognised as intangible assets.

The major adjustments to the 2007 provisional fair values are:

i) The recognition of the excess of the cost of acquisition over the fair value of the Group's share of the identified net tangible assets as forest concession rights.

ii) The fair value of consideration shares issued which was determined based on the market value of their dates of issue.

iii) The minority share of the final fair value of the net assets acquired.

iv) Reduction in the balance of purchase consideration payable.

The effects of the above restatements on the financial position of the Group as of 31 March 2007 are as follows:

	As previously reported *HK$'000*	Adjustments *HK$'000*	As restated *HK$'000*
Investment property	29,640	—	29,640
Property, plant and equipment	8,441	—	8,441
Prepaid lease payments	3,473	—	3,473
Goodwill	160,596	(160,596)	—
Forest concession rights	8,332	260,700	269,032
Total non-current assets	210,482	100,104	310,586
Net current liabilities	(82,098)	3,435	(78,663)
Non-current liabilities	(6,700)	—	(6,700)
	121,684	103,539	225,223
Equity attributable to equity holders of the Company	120,501	(24,204)	96,297
Minority interests	1,183	127,743	128,926
	121,684	103,539	225,223

Summary of Financial Information

The summarised consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Group, were set out below:

	Year ended 31 March				
	2004	2005	2006	2007	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
RESULTS					
Turnover	9,996	9,521	4,129	10,380	**33,382**
(Loss)/profit from operations	(8,359)	(7,521)	(13,171)	(13,975)	**19,445**
Finance costs	(23,572)	(476)	(406)	(426)	**—**
Gain on disposal of subsidiaries	706,083	—	—	—	**—**
Gain arising from debts discharged under Schemes of Arrangement	632,718	—	—	—	**—**
Profit/(loss) before taxation	1,306,870	(7,997)	(13,577)	(14,401)	**19,445**
Taxation	(7,809)	185	—	(434)	**346**
Profit/(loss) for the year	1,299,061	(7,812)	(13,577)	(14,835)	**19,791**
Attributable to:					
Equity holders of the Company	1,299,079	(7,812)	(13,577)	(14,245)	**21,211**
Minority interests	(18)	—	—	(590)	**(1,420)**
	1,299,061	(7,812)	(13,577)	(14,835)	**19,791**
ASSETS AND LIABILITIES					
Total assets	28,533	28,722	67,550	330,438	**1,193,081**
Total liabilities	(15,187)	(8,655)	(7,133)	(105,215)	**(43,356)**
Minority interests	—	—	—	(128,926)	**(26,839)**
Shareholders' funds	13,346	20,067	60,417	96,297	**1,122,886**

Particulars of the Group's Major Properties

1. PROPERTIES HELD FOR THE GROUP'S OWN USE

Leasehold building and prepaid lease payments

Location	Lease expiry	Approximate gross floor area *(sq. m)*	Attributable interest to the Group %
Level 7, Xinruike Building, Futian Trade Zone, Futian District, Shenzhen, PRC	2051	2,736.75	100

2. PROPERTY HELD FOR RENTAL PURPOSE

Cold storage warehouse — investment property

Location	Lease expiry	Approximate gross floor area *(sq. m)*	Attributable interest to the Group %
Central Coast Cold Stores Lot 120 Racecourse Road West Gosford, New South Wales, Australia	Freehold	10,520	100