Prosperity International Holdings (H.K.) Limited
昌興國際控股(香港)有限公司

(Incorporated in Bermuda with limited liability)

Stock code: 803

Expansion to Accelerate

GROWTH

Annual Report 2009

Prosperity International Holdings (H.K.) Limited is principally engaged in the trading of clinker and cement as well as other building materials and related businesses.

To broaden its business scope, the Company began engaging in exploitation and production of mineral resources in 2008 through the acquisition of a granite mining site. The investment in granite mining business marks a successful milestone in the Group's development into the mineral resources sector and lays a solid foundation for our future investment in other mineral resources.

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. WONG Ben Koon, Chairman
Mr. SUN Yong Sen, Deputy Chairman
Mr. KONG Siu Keung

Independent Non-executive Directors

Mr. MO Kwok Choi
Mr. YUEN Kim Hung, Michael
Mr. YUNG Ho

COMPLIANCE OFFICER

Mr. WONG Ben Koon

QUALIFIED ACCOUNTANT

Mr. KONG Siu Keung, FCPA, FCCA

COMPANY SECRETARY

Mr. KONG Siu Keung, FCPA, FCCA

AUTHORISED REPRESENTATIVES

Mr. WONG Ben Koon
Mr. KONG Siu Keung

AUDIT COMMITTEE

Mr. MO Kwok Choi, Chairman
Mr. YUEN Kim Hung, Michael
Mr. YUNG Ho

REMUNERATION COMMITTEE

Mr. YUEN Kim Hung, Michael, Chairman
Mr. YUNG Ho
Mr. MO Kwok Choi

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 1801-6
18th Floor
Tower 2
The Gateway
25 Canton Road,
Tsim Sha Tsui,
Kowloon
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

803

AUDITOR

RSM Nelson Wheeler
Certified Public Accountants
29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

SOLICITORS

Hogan & Hartson
21st Floor
Two Pacific Place
88 Queensway
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited

COMPANY WEBSITE ADDRESS

www.pihl-hk.com

Milestones in 2009

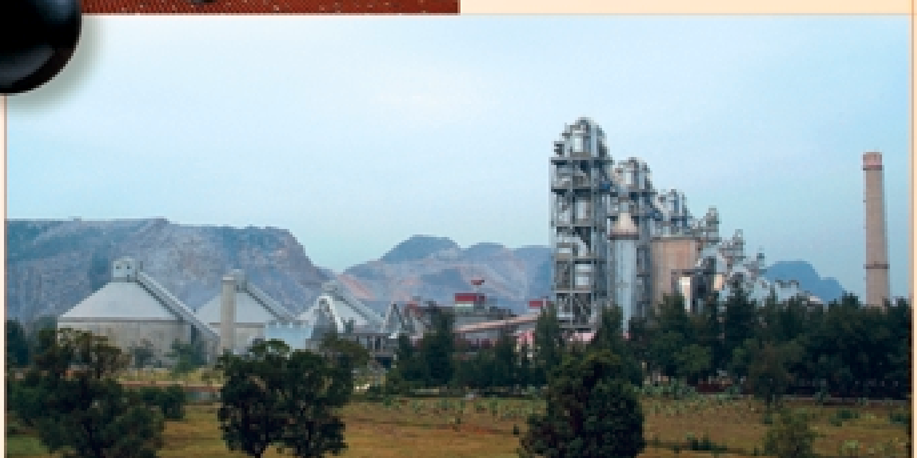
Oct 2008

Renewed the mining permit in Xiang Lu Shan Granite Mining Site in the PRC for a ten-year period

Dec 2008

Transferred its listing from the GEM Board to Main Board of the Stock Exchange of Hong Kong Limited

Commenced production in Xiang Lu Shan Mining Site in the PRC



Apr 2009

Signed a memorandum of understanding on a proposed acquisition of Prosperity Minerals Holdings Limited

Chairman's Statement

Dear Shareholders

I am pleased to present to you the annual report of Prosperity International Holdings (H.K.) Limited ("Prosperity International" or the "Company", together with its subsidiaries, collectively the "Group") for the year ended 31 March 2009 (the "Year").

RESULTS OVERVIEW

The financial year 2009 had been a year of significance to the Group. This was when we successfully moved our listing from the Growth Enterprise Market (the "GEM Board") to the Main Board (the "Main Board") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") that brought our corporate image to the next level, strengthened our shareholder base, enhanced liquidity of our shares and allowed us to take full advantage of the equity capital market in Hong Kong.

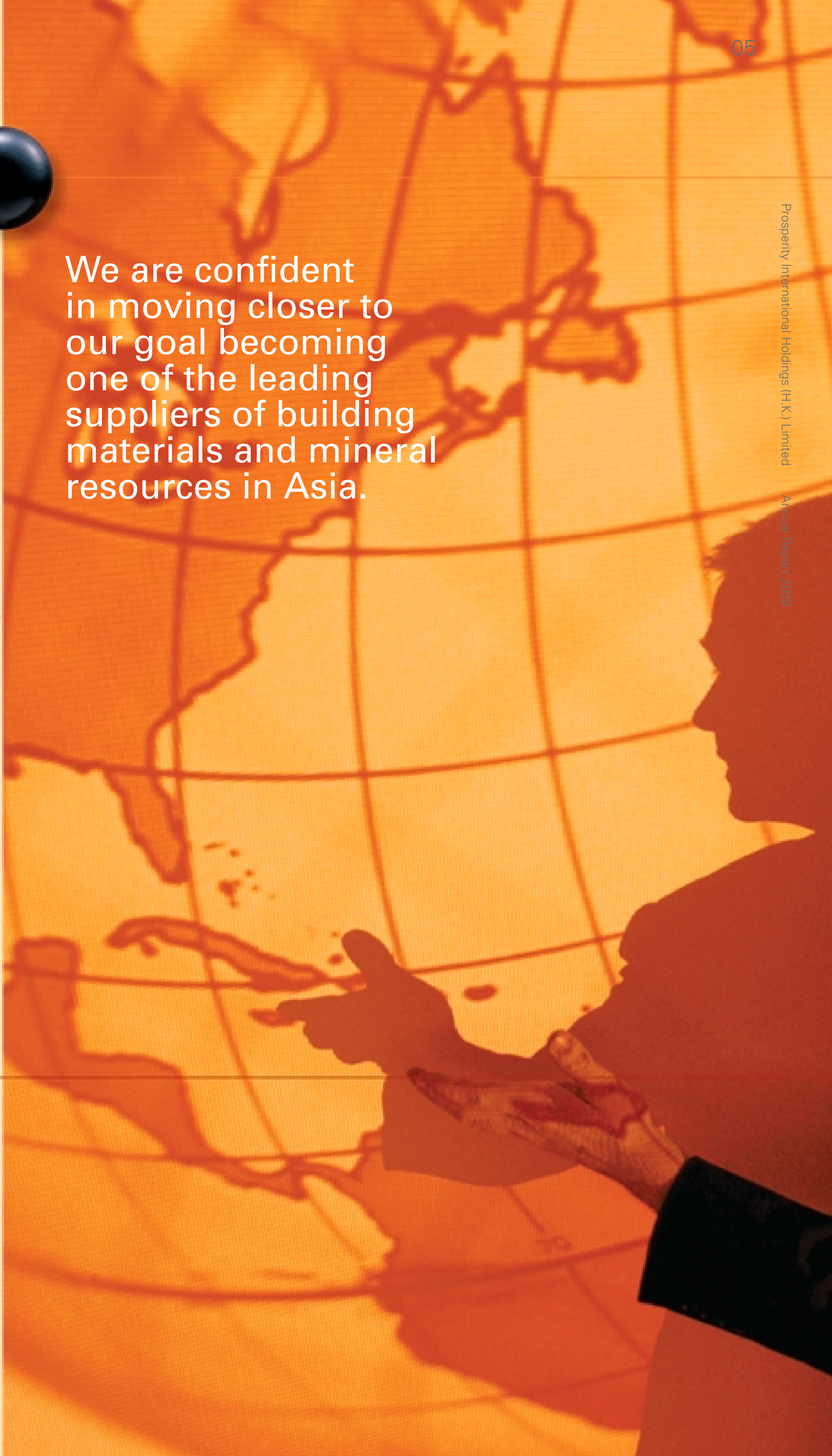
It was also during this financial year that we had been able to continue to deliver steady growth in turnover and net profit before the exceptional item, an achievement that should have been challenging for most companies given the rapidly deteriorating global financial crisis. The Group saw its turnover rose by 21% to approximately HK$786.5 million from approximately HK$648.6 million in the preceding year. Net profit attributable to equity holders of the Company for the year before the exceptional item, meanwhile, rose slightly to approximately HK$24.6 million from approximately HK$24.3 million in the preceding year.

BUSINESS REVIEW

Trading of Clinker and Cement

Despite the exceptional volatility in both the financial markets and the underlying economies in light of the financial turmoil, the Group had been able to maintain steady growth in clinker and cement trading business.

We are confident in moving closer to our goal becoming one of the leading suppliers of building materials and mineral resources in Asia.



The costs of clinker and cement surged substantially during the first half of the financial year under review due to the increase in the costs of fuel, global sea-freight transportation and raw material (coal in particular) and the appreciation of Renminbi.

The outbreak of the global financial crisis in the second half of the financial year had a huge impact in the economies around the world and affected the demand for clinker and cement exports. However, the adjustments in coal and global sea-freight costs helped our clinker and cement trading business avert an otherwise abrupt downturn.

This, when coupled with the Group's management expertise and experience in trading of building materials in the region, strong distribution network in overseas markets, flexible pricing strategies and ability to offer a one-stop solution to customers from sourcing products of reliable and consistent quality to logistics management, helped deliver steady growth in the clinker and cement trading segment during the financial year under review.

This segment remains to be a major source of turnover and profit for the Group. It constitutes the basic building blocks of a strong platform that supports further development of other building material businesses.

Granite Material Production

Our diversification into granite material production is a natural extension of our established building materials and related ancillary businesses.

The Group conducts activities in this segment through a 60%-owned subsidiary WM Aalbrightt Investment Holdings (Hong Kong) Limited (the "WM Aalbrightt") which indirectly owns a granite mining permit in Xiang Lu Shan Granite Mining Site in the People's Republic of China (the "PRC").

In October 2008, the Ministry of Land and Resources renewed this permit, allowing production of up to 40,000m^3 of granite products, including high-quality white-color dimension stone and feldspar powder, annually for a ten-year period.

Production in this site commenced since December 2008 and the sale of these granite products contributed to the Group's turnover in the second half of the financial year under review.

With the real estates market in the PRC continuing its growth, we anticipate the demand for granite-derived building materials will remain strong. The Group is tapping into this high-growth market as it kicks start commercial production of granite from this site. We have full confidence that this will eventually emerge into one of the major growth drivers for the Group.

Operation of Public Port and Other Related Facilities Business

The Group's activities in public port operation and other related facilities are carried out through a 25%-owned joint venture unit with Anhui Conch Venture Investment Company Limited. This joint venture company also provides warehousing services primarily for building materials to be distributed within Jiangsu Province, the PRC.

We went through great lengths to secure relevant licenses for port operation during the financial year under review. The licenses are expected to be issued very soon. This development fuels our impetus to accelerate the construction process for the port and related facilities. We are targeting to commence the construction of public port and other related facilities in the second half of 2009.

PROPOSED ACQUISITION OF PROSPERITY MINERALS HOLDINGS LIMITED

To further strengthen its position in the cement industry, the Company had entered into a memorandum of understanding on a proposed acquisition of Prosperity Minerals Holdings Limited (the "Prosperity Minerals"), a company listed on the Alternative Investment Market of the London Stock Exchange, on 15 April 2009. The consideration will be satisfied by the issue of new shares of the Company, at a price to be agreed. Prosperity Minerals holds cement manufacturing plants operating in several strategically positioned locations in the PRC and possesses a strong management team with rich cement industry experience. The management of Prosperity Minerals also has more than

17 years of experience in importing iron ore to the PRC. We are in the process of conducting due diligence on Prosperity Minerals and its subsidiaries and associated companies. We believe that this intended acquisition will establish the business scope of the Group in building materials and mineral resources on an even firmer footing.

FUTURE PROSPECTS

This is a complicated and challenging time, and caution and confidence should be finely balanced. We believe that this downturn will reward companies that are focused on building a solid business foundation, including great products, strong core skills, clear strategy, sound financial position and strong corporate culture.

We have in our blueprint a list of strategies that are effective in steering the Group through the crisis and help it profit from forthcoming recoveries. They include maximizing the synergies among different business segments, strengthening the Group's position in cement business through the proposed acquisition of Prosperity Minerals, expanding its business scope to embrace other building materials and related ancillary services, actively prospecting opportunities in mineral resources projects in the PRC and Asia, such as investments in existing mineral mines and acquisition of mining and extraction rights.

In light of the strong demand for mineral resources in the PRC and the committed and passionate support of professional management team of the Company focusing on developing mineral resources business, it also plans to develop mineral resources business such as gold, copper, lead, zinc and coal mining business. In addition, the Group actively seeks for mineral resources development projects in Asia and the PRC, including investment in current mineral extraction projects and acquisition of mining and exploration rights.

These strategies should enable us to tap opportunities better and leverage our team's professional experience and existing sales network to their thresholds. Our listing on the Main Board of the Stock Exchange extends our reach to an even bigger pool of high quality investors. With their support, we are confident in moving closer to our goal becoming one of the leading suppliers of building materials and mineral resources in Asia.

APPRECIATION

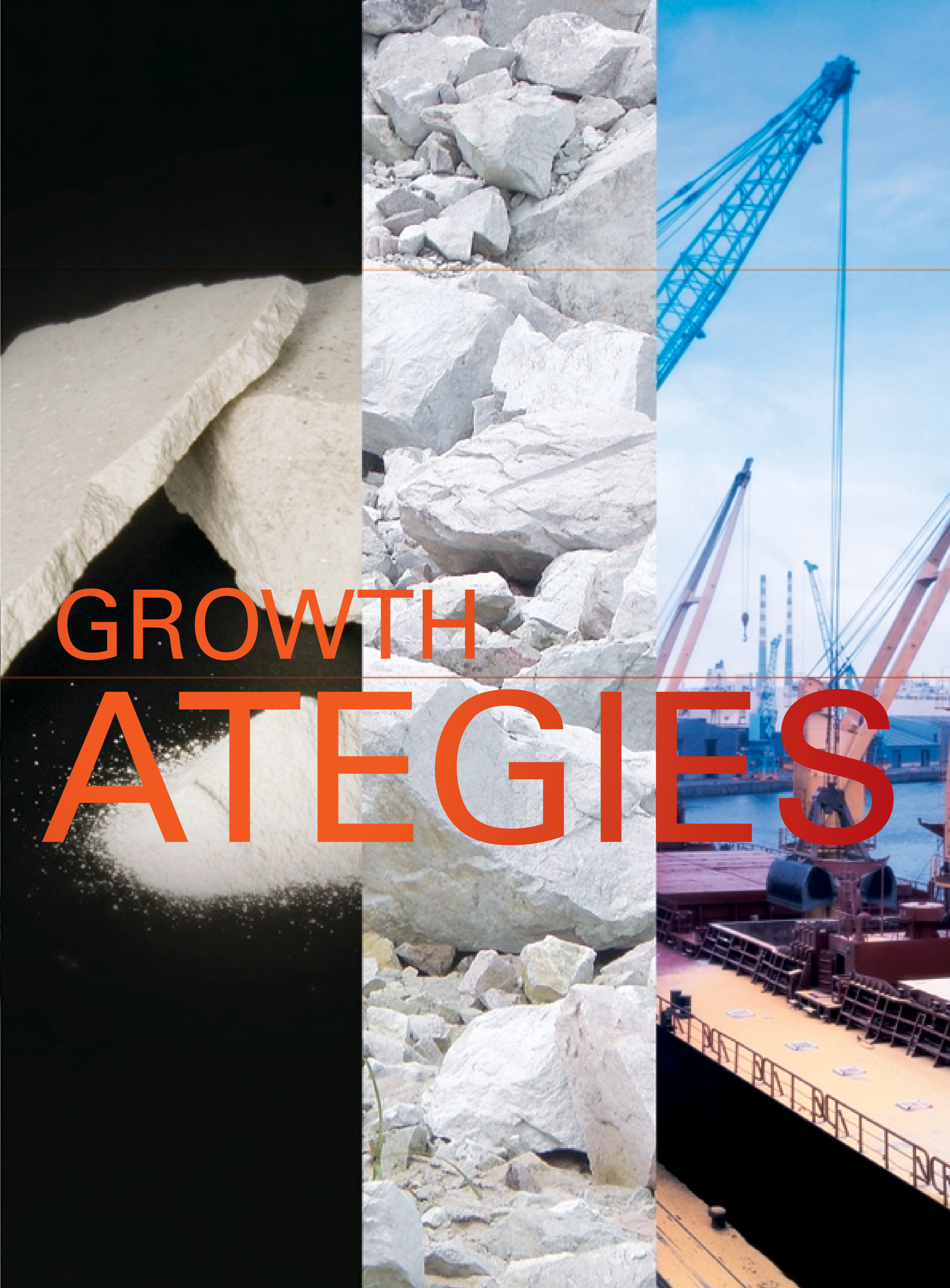
On behalf of Prosperity International, I wish to thank wholeheartedly our shareholders and business partners for their on-going trust and support to the Group. In addition, I would also like to take this opportunity to express my sincere gratitude to the management and all staff members for their unstinting dedication and enthusiasm in performing responsibilities as well as their significant contributions throughout the year. The Group will continue to develop a promising and sustainable business in both the local and global markets.

By order of the Board
Wong Ben Koon
Chairman

Hong Kong, 29 June 2009

FUTURE STR

We have in our blueprint a list of strategies that are effective in sustaining future growth.


GROWTH
ATEGIES

Management Discussion and Analysis

OPERATING REVIEW

Clinker and Cement Business

Export of clinker and cement from the PRC during the first half of the Year had been affected by surging prices. During the second half of the Year, global demand shrank substantially due to the outbreak of the global financial crisis.

In response to the emerging challenges, the Group implemented a highly flexible pricing strategy and leveraged upon its management expertise, experiences and extensive sales network for trading of building materials in the region.

Despite the highly volatile environment, the above strategies proved to be effective in securing the Group's position in the markets, and a steady growth in sales of clinker and cement was achieved.

During the Year, the Group procured and sold clinker and cement aggregating approximately 1,802,000 tonnes.

Breaking down by geography, about 4.8% of clinker and cement were sold to Africa, 11.9% to Europe, 2.1% to Oceania, and 81.2% to Asia (Financial year 2008: 7.1% to Africa, 19.6% to Europe, 2.3% to Oceania, and 71% to Asia).

Granite Material Production

The Group made an inroad into the production of granite materials by acquiring Xiang Lu Shan Granite Mining Site in Guangxi Province, the PRC. During the Year, a list of preparatory works were done to facilitate the large-scale industrial production moving forward, including additional stripping work to expose the granites and making them visible; a quarry extraction plan to improve the yield of high-value dimension stone production; site preparation; and improvement of road networks.

In addition, the mining permit for Xiang Lu Shan Granite Mining Site was renewed with the Ministry of Land and Resource in October 2008 for ten years, which allows the production from this site of up to 40,000 m^3 (equivalent to approximately 102,000 tonnes) of granite products per annum.

Granite production commenced in December 2008. About 15,825 tonnes of granite products were produced and sold during the Year, contributing an amount of approximately HK$2,597,000 to the Group's turnover.

In relation to the planned feldspar powder plant, the Group commenced pre-construction site preparation works and placed orders for production facilities during the Year. The construction of the plant is expected to commence in the second half of 2009.

Purchased and sold approximately

1,802,000 tonnes

clinker and cement

Operation of Public Port and Other Related Facilities Business

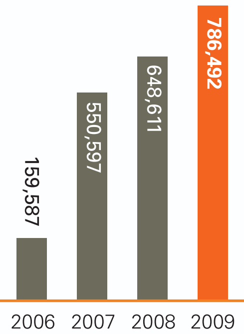
Through a 25%-owned joint venture unit with Anhui Conch Venture Investment Company Limited, the Group established a foothold in the area of public port operation and other related facilities, and provision of warehousing services primarily for building materials and raw materials distributed in Jiangsu Province, the PRC.

The public port is located in the Jiangdu City of Jiangsu Province. The port is one of the few deep water ports along the Yangtze River Delta with six berth docks in total (three for 50,000 tonnage vessels and three for 2,000 tonnage vessels) and a terminal storage area of approximately 360,000 m^2. The terminal can achieve massive throughput of 8 million tonnes per year.

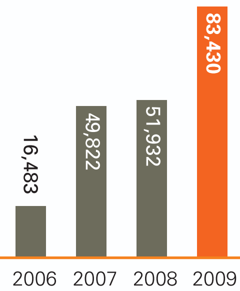
The joint venture unit also intends to build a manufacturing plant to produce and sell slag powder, which can be used for cement production, with a target capacity of 1.5 million tonnes per year.

Owing to a delay in securing relevant licenses for port operation during the Year, the unit has not commenced construction of the port and slag powder production facilities. The joint venture unit intends to obtain all the required licenses and commence construction of the port in the second half of 2009.

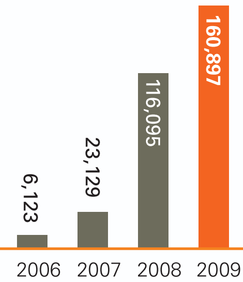
Turnover
For the year ended 31 March
HK$'000



Gross profit
For the year ended 31 March
HK$'000



Total equity attributable to equity holders of the Company
As at 31 March
HK$'000



FINANCIAL REVIEW

The following discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the audited financial statements and the related notes in this annual report.

RESULTS

The Group recorded a turnover and net profit attributable to equity holders of the Company of approximately HK$786.5 million and approximately HK$24.6 million respectively during the Year, which were mainly derived from the clinker and cement trading business.

While the turnover for the Year increased by approximately 21% as a result of higher selling prices of our clinker and cement, our trading volume has slightly decreased by 0.3%. The higher selling prices were a result of huge increases in the costs of clinker and cement for export due to (i) spurring fuel, global sea-freight transportation and raw material costs (coal in particular); (ii) the appreciation of Renminbi; and (iii) strong domestic demand in target markets during the Year.

The selling and distribution costs for the Year represented the commission paid to sales agents and salaries and expenses incurred by the sales and marketing team to secure clinker and cement contracts from customers and explore business opportunities with potential customers. The substantial increase was mainly due to the increase in commission paid to sales agents to secure sales contracts and explore business opportunities with potential customers.

The administrative expenses mainly included remuneration of the directors of the Company and administrative personnel, and the legal and professional fees paid to external auditors, legal consultants and other professional parties. The increase during the Year was mainly due to the increase in remuneration paid to management and administrative staff and legal and professional fees paid to professional parties during the Year.

The finance costs for the Year represented the interest expenses incurred for the bank borrowings and financing offered by principal bankers for the purchase of clinker and cement. The increase in finance costs during the Year was due to the increase in bank borrowings by the drawdown of a two-year term loan of US$4,100,000 (equivalent to approximately HK$31,980,000 based on the exchange rate of US$1:HK$7.8) granted by Hang Seng Bank Limited and the drawdown of a three-year term loan of HK$30,000,000 granted by Fubon Bank (Hong Kong) Limited during the Year.

Net profit attributable to equity holders of the Company for the Year amounted to approximately HK$24.6 million, representing a slight growth of approximately 1% as compared with HK$24.3 million (which is a profit excluding the amount of approximately HK$14.2 million arising from the excess of fair value of net assets acquired over the cost of acquisition of subsidiaries) for the year ended 31 March 2008.

Excluding the loss of approximately HK$3.3 million incurred by the initial operation of granite material production during the Year, net profit derived mainly from the clinker and cement business for the Year was approximately HK$26.3 million, representing an increase of approximately 8.2% as compared with the comparable figure of HK$24.3 million (which is the profit excluding the amount of approximately HK$14.2 million arising from the excess of fair value of net assets acquired over the cost of acquisition of subsidiaries) for the year ended 31 March 2008.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

During the Year, the Group generally financed its operations and settled its debts largely with cash generated from its operations and banking facilities provided by its principal bankers. As at 31 March 2009, the facilities offered by the banks to finance the business activities of the Group amounted to approximately HK$202.2 million.

As at 31 March 2009, the cash and bank balances including pledged bank deposits of the Group amounted to approximately HK$98.9 million. The increase in bank balances was resulted from the strong cash inflow generated from its operations and the drawdown of aforesaid bank loans during the Year.

The Group's gearing ratio, measured in terms of total borrowings divided by shareholder's equity, was approximately 25% as at 31 March 2009 (31 March 2008: 5%). The increase was mainly due to the drawdown of the aforesaid bank loans during the Year.

FOREIGN EXCHANGE EXPOSURE

The sales and purchases of the clinker and cement business are conducted predominately in US dollars. The granite mining and production business and the investment in the joint venture unit for public port operations are conducted in RMB. The Group does not currently engage in hedging activities against the foreign exchange exposure, as it believes that the cost associated with such hedging arrangements would exceed the benefits. However, the management will continue to monitor the relevant circumstances and will take such a measure if it is deemed prudent.

CONTINGENT LIABILITIES

As at 31 March 2009, the Company has issued corporate guarantees to various financial institutions for facilities of approximately HK$182 million (31 March 2008: HK$266 million) granted to its subsidiaries. The Directors do not consider it probable that a claim will be made against the Company under any of the aforesaid guarantees. The maximum liabilities of the Company at the balance sheet date under the aforesaid guarantees were approximately HK$65 million (31 March 2008: HK$62 million).

The fair value of the aforesaid guarantees at date of inception is not material and is not recognised in the financial statements.

Save for the aforesaid, the Company did not have other significant contingent liabilities.

As at 31 March 2009, the Group did not have any significant contingent liabilities (31 March 2008: Nil).

CHARGE ON GROUP ASSETS

The following assets held by the Group were pledged to banks to secure banking facilities granted to the Group:

(a) the charge over certain bank deposits of the Group are set out in note 20 to the financial statements;

(b) 60% equity interests in WM Aalbrightt, a 60% indirect owned subsidiary of the Group, and 100% equity interests in Sharp Advance International Limited ("Sharp Advance"), an indirect wholly-owned subsidiary of the Group; and

(c) all assets of Sharp Advance including interests in a subsidiary at cost of approximately HK$70 million, amounts due from fellow subsidiaries of approximately HK$0.5 million and bank deposits of approximately HK$0.3 million.

COMMITMENTS

As at 31 March 2009, the Group had the following commitments:

(a) Operating lease commitments - as lessee

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

	2009 HK$'000	2008 HK$'000
Within one year	**53**	37

Operating lease payments represent rentals payable by the Group for the office premises. Leases are negotiated for a term of one to three years, and rentals are fixed over the lease terms and do not include contingent rentals.

(b) Capital and Other Commitments

	2009 HK$'000	2008 HK$'000
Contracted but not provided for acquisition of property, plant and equipment	**3,528**	1,374
Capital contribution to a subsidiary	**—**	13,200

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 March 2009, the Group had a total of 46 employees. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Remuneration packages are normally renewed on an annual basis based on performance appraisals and other relevant factors. The Group may pay discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work. Staff benefit plans maintained by the Group include a mandatory provident fund scheme as well as travel, medical and life insurance.

With a view to retaining certain important employees who will continue to make valuable contribution to the Group, share options to subscribe for shares of the Company in accordance with the share option scheme adopted on 25 August 2003 (the "GEM Share Option Scheme") were granted. The GEM Share Option Scheme was terminated upon the listing of the shares of the Company being transferred from Growth Enterprise Market (the "GEM Board") to the Main Board on 18 December 2008 (the "Transfer of Listing"). The share options granted under the GEM Share Option Scheme which were unexercised will remain valid and exercisable in accordance with their terms of grant. Following the termination of the GEM Share Option Scheme, the Board will be proposing to adopt a new share option scheme which will be in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and will obtain the approval of the shareholders in accordance with the Listing Rules in the forthcoming annual general meeting.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labor disputes nor has it experienced any difficulties in the recruitment and retention of experienced staff. The Directors believe that the Group has a good working relation with its employees.

CAPITAL STRUCTURE

The Company repurchased 18,440,000 shares of the Company on the GEM Board before the Transfer of Listing and 500,000 shares of the Company on the Main Board after the Transfer of Listing during the Year. All the repurchased shares were subsequently cancelled. During the Year, 183,750,000 new shares of HK$0.01 each were allotted as part of the consideration to acquire 60% of the issued share capital of WM Aalbrightt which indirectly holds the mining permit for Xiang Lu Shan Granite Mining Site. In addition, 10,000,000 new shares of HK$0.01 each were issued upon the exercise of the share options by an employee during the Year.

FUTURE GROWTH STRATEGIES

Looking ahead, the Group will continue its efforts to reinforce its position in the cement industry. For clinker and cement trading, the Group will explore opportunities in new markets, so as to exploit ways to boost volume of existing products and expand other new products with existing customers. It will also seek to enlarge its customer base wherever possible. Meanwhile, the Group will pursue the proposed acquisition of Prosperity Minerals to further strengthen the Group's position in cement business.

In relation to the production of granite materials, in view that all the preparatory works are now completed at the mining site, the Group is ready to commence the production of dimension stone. Meanwhile, the construction of the

feldspar power plant will be accelerated. The plant is targeting to commence production in the first half of 2010. The Group will market these products to both domestic and overseas customers.

In relation to the port operations and other related activities, upon receipt of the port operation licenses, the Group will commence the construction of the public port and other related facilities in the second half of 2009.

In view of the strong demand in the PRC for mineral resources and given the professional management team in place, the Group will continue to expand into mineral resources businesses covering gold, copper, lead, zinc and coal in the PRC. It will also start to identify opportunities to invest in or acquire mining and exploration projects.

Leveraging on the above strategies, the Group is confident in becoming one of the leading suppliers of building materials and mineral resources in Asia and generating impressive returns to shareholders.

One of the cement operating plants under Prosperity Minerals

Directors and Senior Management

DIRECTORS

Executive directors

Mr. WONG Ben Koon, aged 56, is one of the co-founders of the Group and the chairman of the Company. Mr. Wong is responsible for deriving the corporate culture and long term strategic plan of the Group. Mr. Wong has extensive experience in building materials and mineral resources industries in the PRC and global markets.

Mr. SUN Yong Sen, aged 63, has been appointed as an executive director and deputy chairman of the Company on 23 September 2008. Mr. Sun has in-depth and extensive experience in financial management, business development and project management in steel and energy industries.

Mr. KONG Siu Keung, aged 40, is an executive director and the chief financial officer of the Company. Mr. Kong holds a master's degree in business administration and is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Kong joined the Group in January 2004 and has over 16-year experience in finance and accounting field.

Independent non-executive directors

Mr. MO Kwok Choi, aged 74, was appointed as an independent non-executive director in October 2000. Mr. Mo had served as a general manager of Nanjing Iron & Steel Group Import and Export Group Limited from 1984 to 1999. Mr. Mo has extensive experience in business management. Mr. Mo is the chairman of the Audit Committee of the Company and was appointed as a member of Remuneration Committee of the Company in September 2008.

Mr. YUEN Kim Hung, Michael, aged 48, was appointed as an independent non-executive director in January 2002. Mr. Yuen is a member of the Hong Kong Institute of Certified Public Accountants, fellow member of the Association of Chartered Certified Accountants and a member of Certified General Accountants Association of Canada. Mr. Yuen has over 15 years' experience in auditing, tax and accounting field. Mr. Yuen is the chairman of the Remuneration Committee of the Company and a member of the Audit Committee of the Company.

Mr. YUNG Ho, aged 64, was appointed as an independent non-executive director in September 2004. Mr. Yung has extensive experience in the industries of trading and property development in the PRC. Mr. Yung is a member of the Audit Committee of the Company and a member of the Remuneration Committee of the Company.

SENIOR MANAGEMENT

Dr. JIANG, Brent Zhiwei, aged 50, is the chief executive officer of the Company. Dr Jiang has extensive experience in the management, commercial, operational and technical aspects of mineral and energy enterprises and extensive understanding of the Chinese mineral resources market. Prior to joining the Group, Dr. Jiang was the chief representative of a major international energy company in Asia where he was mainly responsible for developing business opportunities in the PRC. Dr. Jiang holds a bachelor's degree in mineral processing engineering from the China University of Mining & Technology and a doctor of philosophy degree in mineral processing and extractive metallurgy from The University of New South Wales in Australia.

Mr. TOK Beng Tiong, aged 37, is an executive in charge of clinker and cement business. Mr. Tok obtained his Bachelor Degree in Commerce from the University of New South Wales in Australia. Mr. Tok has over 11 years' experience in building material industry in the PRC and global markets and the relevant logistics management. Mr. Tok had been an employee of the Group from December 2001 to February 2003 and joined the Group again in January 2005. Mr. Tok is a director of Yingde Dragon Mountain Cement Co., Ltd., which is disclosed under the section "Directors' Interests in Competing Business" in the Report of the Directors.

Corporate Governance Report

The Company is committed to ensuring a high standard of corporate governance in the interests of the shareholders and devote considerable effort to maintaining high level of business ethics and corporate governance practices.

During the Year, the Company endeavours to comply with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "GEM Listing Rules") and Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), before and after the transfer of listing of its shares from GEM Board to the Main Board on 18 December 2008 (the "Transfer of Listing"), where appropriate. The Company considers that it has complied with the CG Code during the Year, except for one non-compliance that is discussed under the section "Communications with Shareholders" in this report. The board of directors of the Company (the "Board" or the "Directors") continues to review and update the practices from time to time to ensure compliance with the legal and commercial standards.

DIRECTORS' SECURITIES TRANSACTIONS

The Board has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules and Model Code for Securities Transactions by the Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") respectively, as the code of conducts regarding Directors' securities transactions, before and after the Transfer of Listing.

Having made specific enquiry with all Directors, each of them confirmed that the required standard of dealings regarding Directors' securities transactions has been complied in full throughout the year ended 31 March 2009.

SECURITIES TRANSACTIONS BY RELEVANT EMPLOYEES

The Board has also adopted a policy with no less exacting terms than the Model Code for the relevant employees ("Relevant Employees") in respect of their dealings in securities of the Company. Having made specific enquiry with all the Relevant Employees, each of them confirmed that this policy has been complied in full.

THE BOARD

The Board comprises six directors including three executive directors and three independent non-executive directors. The independent non-executive directors possess appropriate academic and professional qualifications or related financial and business management expertise and have brought a wide range of business and financial experience to the Board. The composition of the Board is set out below:

Executive directors:

Mr. Wong Ben Koon (Chairman of the Board)
Mr. Sun Yong Sen (Deputy Chairman of the Board)
Mr. Kong Siu Keung

Independent non-executive directors:

Mr. Mo Kwok Choi (Chairman of Audit Committee and member of Remuneration Committee)

Mr. Yuen Kim Hung, Michael (member of Audit Committee and Chairman of Remuneration Committee)

Mr. Yung Ho (member of Audit Committee and Remuneration Committee)

The biographical details of the Directors are set out on page 16 of this annual report.

Regular Board meetings are held at least four times a year to review the financial and operating results of the Group and to propose interim and final dividends, if appropriate. A meeting is also held as and when necessary to discuss significant matters. Sufficient notice of not less than 14 days has been given to all Directors for regular board meetings and reasonable notice has been given for other meetings. All Directors are given an opportunity to include matters in the agenda for Board meetings and have access to the company secretary of the Company to ensure that all board procedures and, and all applicable rules and regulations are followed. The Board also enables Directors to seek independent professional advice at the Company's expense in appropriate circumstances.

There were fifteen Board meetings held during the year ended 31 March 2009 and the attendance record of each Director at Board meetings is set out below:

Name of Directors	Attendance/ Number of Board Meetings
Mr. Wong Ben Koon	15/15
Madam Hon Ching Fong (resigned on 23 September 2008)	6/7
Mr. Sun Yong Sen (appointed on 23 September 2008)	3/7
Mr. Kong Siu Keung	15/15
Mr. Mo Kwok Choi	8/15
Mr. Yuen Kim Hung, Michael	12/15
Mr. Yung Ho	15/15

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on matters such as quarterly (if any), interim and annual results, investment, director appointments or re-appointments, and dividend and accounting polices. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the chief executive officer and the senior management.

Mr. Wong Ben Koon and Madam Hon Ching Fong are shareholders of the Company. Their respective interests are disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" and "Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares" in the Report of the Directors. Mr. Wong Ben Koon and Madam Hon Ching Fong have joint beneficial interests in certain companies outside the Group. Transactions between these companies and the Group (if any) during the Year are disclosed in note 33 to the financial statements.

Save as disclosed above and in note 33 to the financial statements, there is no financial, business, family or other material or relevant relationship among the Directors or between the chairman and the chief executive officer.

The Board has adopted the recommended practice under the Listing Rules to appoint at least one-third of its Directors as independent non-executive Directors. All the independent non-executive Directors are appointed for a specific term and will be subject to retirement by rotation and re-election at the annual general meetings of the Company. The Company has received an annual written confirmation from each of the independent non-executive Directors of his independence. The Board considers that all the independent non-executive Directors are independent in accordance with the guidelines set out under the Listing Rules. The details of the service contract of each independent non-executive Director are disclosed in the section headed "Directors' Service Contracts" under the Report of the Directors.

All Directors, including independent non-executive Directors, are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the bye-laws of the Company, providing that every Director shall be retired at least once every three years.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Wong Ben Koon is the chairman of the Company. Mr. Wong is responsible for deriving the corporate culture and long term strategic plan of the Group. Dr. Jiang Brent Zhiwei is the chief executive officer of the Company and he is responsible for the overall management of the Group, including strategic planning, business developments and operations.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely, Mr. Mo Kwok Choi (Chairman of the Audit Committee), Mr. Yuen Kim Hung, Michael, and Mr. Yung Ho.

The main duties of the Audit Committee are to review the quarterly (if any), half-yearly and annual financial information of the Group and to oversee the Company's financial reporting system and internal control procedures.

The Audit Committee held three meetings during the Year and reviewed the financial results and reports, financial reporting and compliance procedures, risk management review and processes and the re-appointment of the external auditor. The Audit Committee did not take a different view from the Board regarding the selection, appointment, resignation or dismissal of the external auditor.

The attendance record of each audit committee member at the meetings of the Audit Committee during the Year is set out below:

Name of Directors	Attendance/ Number of Audit Committee Meetings
Mr. Mo Kwok Choi	3/3
Mr. Yuen Kim Hung, Michael	3/3
Mr. Yung Ho	3/3

The audit committee reviewed the Group's audited results for the Year and recommended its adoption by the Board.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the financial statements for each financial period with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently and that judgments and estimates made are prudent and reasonable.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the external auditor of the Company about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on page 29 of this annual report.

REMUNERATION COMMITTEE

The Remuneration Committee was set up in March 2005 and is constituted by three independent non-executive Directors, namely, Mr. Yuen Kim Hung, Michael (Chairman of the Remuneration Committee), Mr. Yung Ho and Mr. Mo Kwok Choi.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the Directors and senior management. The Remuneration Committee is also responsible for establishing formal and transparent procedures for developing such remuneration policy and structure.

Three meetings had been held during the Year to discuss remuneration related matters. The Remuneration Committee made recommendations to the Board on bonus payments and increment in salary and housing allowance (if any) for the executive directors and senior management staff.

The attendance record of each remuneration committee member at the meetings of the Remuneration Committee during the Year is set out below:

Name of Directors	Attendance/ Number of Remuneration Committee Meetings
Mr. Yuen Kim Hung, Michael	3/3
Mr. Yung Ho	3/3
Mr. Mo Kwok Choi (appointed as member on 23 September 2008)	2/3

NOMINATION COMMITTEE

The Company does not have a nomination committee. The power to nominate or appoint additional directors is vested in the Board according to the bye-laws of the Company, in addition to the power of the shareholders to nominate any person to become a director of the Company in accordance with the bye-laws of the Company. The main criteria in selecting a candidate is whether he can add value to the management through his contributions in the relevant strategic business areas.

Where vacancies arise at the Board or whenever any member of the Board considers any qualified individual with relevant expertise and experience is likely to be invited to join the Board, the qualifications and experience of the proposed candidate(s) will be put forward to the Board for its consideration and approval. During the Year, the Board held one meeting to appoint a candidate to fill a casual vacancy on the Board.

COMMUNICATIONS WITH SHAREHOLDERS

Under the CG Code, the chairman of the Board shall attend the annual general meeting and arrange for the respective chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at any general meeting. The chairman of the independent board committee (if any) shall also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.

Whilst the Company endeavours to maintain an on-going dialogues with its shareholders, the chairman of the Company and the chairman of audit committee may not always be able to attend general meetings due to other important business engagements. Mr. Kong Siu Keung, being the executive director of the Company, attended the annual general meeting on 20 August 2008 and was delegated to make himself available to answer questions if raised at the meeting. Mr. Yuen Kim Hung, Michael, a member of audit committee, was delegated to attend the same general meeting to answer questions if raised at the meeting. The absence of the chairman of the Company and the chairman of the audit committee in the annual general meeting constituted a deviation from the CG Code.

INTERNAL CONTROL

The Board has overall responsibility for the establishment, maintenance and review of the Group's system of internal control. During the Year, the Board has conducted a review of and is satisfied with the effectiveness of the system of internal control of the Group.

AUDITOR'S REMUNERATION

RSM Nelson Wheeler was appointed as the Company's external auditor. The external auditor is primarily responsible for providing audit services in connection with the annual consolidated financial statements. During the Year, the total remuneration in respect of services provided by RSM Nelson Wheeler amounted to HK$1,391,800 of which HK$690,000 was incurred for statutory audit and HK$701,800 was incurred for non-audit services which mainly included tax advisory services and other professional services.

CONCLUSION

The Company strongly believes that good corporate governance can safeguard the effective allocation of resources and protect shareholders' interest. The management will continue to maintain, strengthen and improve the standard and quality of the corporate governance of the Group.

Report of the Directors

The board of directors of the Company (the "Board" or the "Directors") is pleased to present their report and the audited financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 35 to the financial statements. The core business of the Group is the trading of clinker, cement and other building materials.

RESULTS AND APPROPRIATIONS

The Group's profit for the year ended 31 March 2009 and the state of affairs of the Group as at that date are set out in the financial statements on pages 30 to 32.

The Directors do not recommend the payment of any dividend.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the past five years ended 31 March 2009 is set out on page 77 and 78. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in note 16 to the financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2009 are set out in note 35 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year, together with the reasons therefor, are set out in note 21 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the Companies Act 1981 of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

The Company repurchased 18,440,000 shares of the Company on the GEM Board before the Transfer of Listing and 500,000 shares of the Company on the Main Board after the Transfer of Listing (the "Repurchases") during the Year. The total consideration of the Repurchases were approximately HK$2,252,000. All the repurchased shares were subsequently cancelled and the details of movements in the Company's share capital during the Year are set out in note 21 to the financial statements. Particular of the Repurchases are as follows:

Month	Number of shares repurchased	Purchase price per share Highest (HK$)	Lowest (HK$)	Aggregate consideration (HK$)
November (before Transfer of Listing)	18,440,000	0.120	0.113	2,172,000
December (after Transfer of Listing)	500,000	0.160	0.160	80,000
	18,940,000			2,252,000

The Board considers that the Repurchases enhanced the earnings per share of the Company and benefited the Company and its shareholders as a whole. Apart from the foregoing, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the Year.

RESERVES

Movements in reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 33 of the financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2009, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended from time to time) amounted to approximately HK$93.4 million (2008: 89.7 million). The Company's share premium, in the amount of approximately HK$67.1 million as at 31 March 2009 (2008: HK$48.8million), may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's five largest customers accounted for approximately 91% of total sales and sales to the largest customer included therein amounted to approximately 36% of total sales. The Group had four suppliers for the Year and purchases from the largest supplier included therein amounted for approximately 87.6% of total purchases.

None of the Directors of the Company or any of their associates, or any of the shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or its four suppliers during the Year.

DONATION

During the Year, the Group made charitable donations amounting to HK$1,000,000 (2008: Nil).

DIRECTORS

The Directors of the Company during the Year and as at date of this report are:

Executive Directors:

Mr. Wong Ben Koon
Madam Hon Ching Fong (resigned on 23 September 2008)
Mr. Sun Yong Sen (appointed on 23 September 2008)
Mr. Kong Siu Keung

Independent non-executive Directors:

Mr. Mo Kwok Choi
Mr. Yuen Kim Hung, Michael
Mr. Yung Ho

In accordance with bye-law 87 of the Company's bye-laws, Mr. Mo Kwok Choi and Mr. Yung Ho will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. Pursuant to the bye-law 86(2) of the Company's bye-laws, Mr. Sun Yong Sen will retire from his office at the forthcoming annual general meeting and, being eligible, will offer himself for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on page 16 of this annual report.

RESIGNATION OF EXECUTIVE DIRECTOR, APPOINTMENT OF EXECUTIVE DIRECTOR AND APPOINTMENT OF MEMBER OF REMUNERATION COMMITTEE

Madam Hon Ching Fong ("Madam Hon") resigned as executive director of the Company with effect from 23 September 2008 and Mr. Sun Yong Sen has been appointed as executive director and deputy chairman of the Company on the same date to fill vacancy on the Board. Mr. Mo Kwok Choi, an independent non-executive director of the Company, has been appointed as a member of the Remuneration Committee of the Company with effect from 23 September 2008.

DIRECTORS' SERVICE CONTRACTS

Mr. Wong Ben Koon entered into a service contract with the Company commencing from 1 July 2001 which will continue thereafter until terminated by not less than three months' prior notice in writing given by either party to the other.

Mr. Kong Siu Keung entered into a service contract with the Company commencing from 12 February 2004 which will continue thereafter until terminated by not less than three months' prior notice in writing given by either party to the other.

Mr. Sun Yong Sen entered into a service contract with the Company for a term of three years commencing from 23 September 2008. His appointment is subject to termination by, among other matters, either party giving not less than three months' written notice.

Mr. Mo Kwok Choi entered into a service contract with the Company for a term of three years commencing from 18 July 2006, subject to retirement by rotation and re-election at annual general meetings of the Company and is subject to termination by, among other matters, either party giving not less than two months' written notice.

Mr. Yuen Kim Hung, Michael entered into a service contract with the Company for a term of two years commencing from 31 December 2008, subject to retirement by rotation and re-election at annual general meetings of the Company and is subject to termination by, among other matters, either party giving not less than two months' written notice.

Mr. Yung Ho entered into a service contract with the Company for a term of two years commencing from 1 September 2008, subject to retirement by rotation and re-election at annual general meetings of the Company and is subject to termination by, among other matters, either party giving not less than one month's written notice.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract or an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's Remuneration Committee with reference to Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 33 to the financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party, and which subsisted at the end of the Year or at any time during the Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2009, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange 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 (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in ordinary shares of the Company

	Number of shares held, capacity and nature of interest				
Name of Director	Directly beneficially owned	Through controlled corporation	Interest of director's spouse	Total	Percentage of the Company's issued share capital
Mr. Wong Ben Koon ("Mr. Wong")	513,851,060	319,176,000 (Note)	17,000,000	850,027,060	39.06%

Note: Mr. Wong is interested in the shares of the Company through their interests in Well Success Group Limited ("Well Success"), which is owned as to 31.47% by Mr. Wong, 10.13% by Mr. Ng Hon Fai (formerly a director of the Company) and 58.4% by Advance Success Limited ("Advance Success"). Advance Success is equally owned by Mr. Wong and Madam Hon (formerly a director of the Company). Mr. Wong is the sole director of Advance Success.

(b) Long positions in share options

Number of share options held by the Directors and chief executive of the Company as at 31 March 2009:

Name	Number of options held	Number of underlying shares
Mr. Wong	60,000,000	60,000,000
Dr. Jiang, Brent Zhiwei	30,000,000	30,000,000
Mr. Kong Siu Keung	24,000,000	24,000,000
	114,000,000	114,000,000

The details of share options held by the Directors and chief executive of the Company are disclosed in note 28 to the financial statements.

Mr. Wong has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company.

Save as disclosed above, as at 31 March 2009, so far as is known to any Directors or chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange 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 (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The details of the Company's share option scheme, the share options outstanding and the movements during the Year are disclosed in note 28 to the financial statements. The share option scheme adopted by the Company on 25 August 2003 ("GEM Share Option Scheme") was terminated, upon the listing of the shares of the Company being transferred from GEM Board to the Main Board of the Stock Exchange. The share options granted under the GEM Share Option Scheme but unexercised will remain valid and exercisable in accordance with their terms of grant. The Board will be proposing to adopt a new share option scheme which will be in compliance with the Listing Rules and to obtain the approval of the shareholders in accordance with the Listing Rules in the forthcoming annual general meeting.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as the share options holdings disclosed 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 Director, or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Wong and Madam Hon (formerly a director of the Company) have beneficial interests in Prosperity Minerals Group Limited, Max Start Holdings Limited and Max Will Profits Limited (collectively, the "Relevant Companies"), respectively. Mr. Wong is a director of the Relevant Companies and Madam Hon is a director of Prosperity Minerals Group Limited. As at 31 March 2009, the Relevant Companies indirectly hold interests in the following companies:

Yingde Dragon Mountain Cement Company Limited *(note i)*
Prosperity Conch Cement Company Limited *(note i)*
Anhui Chaodong Cement Company Limited *(note i)*
Guangzhou K.Wah Nanfang Cement Limited *(note ii)*
Liaoning Prosperity Cement Company Limited *(note i)*
Chongqing Prosperity Cement Company Limited *(note i)*
Yunnan Kungang & K. Wah Construction Materials Company Limited *(note i)*
Baoshan Kungang & K. Wah Cement Construction Materials Company Limited *(note i)*
Guizhou Anshun Changxing Cement Company Limited *(note i)*

Notes:

(i) These companies (the "Cement Companies") are engaged in the manufacture, warehouse and sale of clinker and cement in the PRC. Mr. Wong is a director of Yingde Dragon Mountain Cement Company Limited, Prosperity Conch Cement Company Limited, Anhui Chaodong Cement Company Limited and Chongqing Prosperity Cement Company Limited. Mr. Wong and Madam Hon confirmed that, up to the date of this report, all the products of the Cement Companies were sold in domestic market in the PRC without any exports to overseas countries.

In view of the completely different target markets between the Group and the Cement Companies, the Board considers that there is no direct or indirect competition between the Group and the Cement Companies during the Year.

(ii) Guangzhou K.Wah Nanfang Cement Limited ("GKWN") is a cement grinding mill located in Guangzhou City, the PRC. GKWN exports cement and therefore, competes or likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rule.

The abovementioned businesses are operated and managed by companies with independent management and administration. In addition, the majority of the members of the Board are different from the respective board of directors of Cement Companies and GKWN, and accordingly, the Group is capable of carrying on its business independently, and at arm's length from the competing businesses mentioned above.

Save as aforesaid, as of the date of this report, none of the Directors of the Company has an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

During the Year, the Group did not have any transactions with the Cement Companies and GKWN.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Director or chief executive of the Company, as at 31 March 2009, shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Well Success	(a)	Directly beneficially owned	319,176,000	14.67%
Advance Success	(a) & (b)	Through Well Success	319,176,000	14.67%
Madam Hon	(a) & (b)	Interest of controlled corporation	319,176,000	14.67%
Ms. Shing Shing Wai	(c)	Interest of substantial shareholder's Spouse	833,027,060	
		Directly beneficially owned	17,000,000	
			850,027,060	39.06%
Harmony Asset Ltd.		Directly beneficially owned	233,000,000	10.71%
Mr. Li Yiu Keung		Directly beneficially owned	288,600,000	13.26%
WM Aalbrightt Investment Holdings Limited	(d)	Directly beneficially owned	183,750,000	8.44%
Mr. Yu Min	(d)	Interest of controlled corporation	183,750,000	8.44%

Notes:

(a) The entire issued share capital of Well Success is beneficially owned as to 31.47% by Mr. Wong, as to 10.13% by Mr. Ng Hon Fai (formerly a director of the Company) and as to 58.4% by Advance Success. Advance Success is deemed to be interested in the same number of shares of the Company in which Well Success was interested under the SFO.

(b) Advance Success is equally owned by Mr. Wong and Madam Hon (formerly a director of the Company). Mr. Wong is the sole director of Advance Success. Each of Mr. Wong and Madam Hon is deemed to be interested in the same number of shares in which Advance Success was interested under the SFO. The interests of Mr. Wong in the shares of the Company is disclosed under the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above.

(c) Ms. Shing Shing Wai is the spouse of Mr. Wong and the interests of each of Mr. Wong and Ms. Shing Shing Wai are deemed to be the interests of each other. The figures referred to the same shares.

(d) WM Aalbrightt Investment Holdings Limited is beneficially owned by Mr. Yu Min. Mr. Yu Min is deemed to be interested in the same number of shares in which WM Aalbrightt Investment Holdings Limited was interested under the SFO

Save as disclosed above, as at 31 March 2009, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

MANAGEMENT CONTRACT

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

CONNECTED TRANSACTIONS

Details of the connected transactions are disclosed in note 33 to the financial statements, which are in compliance with the requirements of the GEM Listing Rules and Listing Rules.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

A full corporate governance report is set out on pages 17 to 20 of this annual report.

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events after the balance sheet date are set out in note 34 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

(a) Loan Agreement with Fubon Bank (Hong Kong) Limited

On 1 August 2008, Sharp Advance International Limited (the "Sharp Advance"), an indirect wholly-owned subsidiary of the Company, entered into a loan facility agreement (the "Loan Agreement") with Fubon Bank (Hong Kong) Limited ("Fubon Bank") for a three-year term loan of HK$30,000,000.

As a condition precedent to Fubon Bank making the loan available to Sharp Advance, Mr. Wong, a director and the controlling shareholder of the Company, is required to provide a guarantee and indemnity in favour of Fubon Bank (the "Guarantee"). Pursuant to the terms of the Guarantee, specific performance obligations are imposed on Mr. Wong during the term of the loan, among other things, to (1) continue to act as a director and controlling shareholder of the Company; and (2) procure that the Company will continue to directly or indirectly hold the entire issued share capital of Sharp Advance and Prosperity Cement (Asia) Limited ("Prosperity Cement"), both indirect wholly-owned subsidiaries of the Company.

Non-compliance with the aforesaid obligations by Mr. Wong will constitute an event of default under the Loan Agreement; upon the occurrence of which Fubon Bank shall have the right to declare the loan terminated whereupon the obligations of Fubon Bank to make further advances shall immediately cease and to declare the loan, accrued interest and all other sums owing under the Loan Agreement to be immediately due and payable or Fubon Bank may take any action, exercise any right or pursue other remedies conferred on Fubon Bank or by any applicable law or regulation or otherwise as a consequence of such event of default. The obligations under the Guarantee have been complied with.

(b) Facility Agreements with Hang Seng Bank Limited

(I) On 4 August 2008, the Company entered into a term facility agreement (the "Term Facility Agreement") with Hang Seng Bank Limited ("HS Bank") for a two-year term loan facility of US$4,100,000 (equivalent to approximately HK$31,980,000 based on the exchange rate of US$1:HK$7.8).

(II) On 4 August 2008, Prosperity Cement, an indirect wholly-owned subsidiary of the Company, entered into a trade facility agreement (the "Trade Facility Agreement") with HS Bank. Pursuant to the Trade Facility Agreement, a trade facility of HK$60,000,000 was made available to Prosperity Cement for the issuance of documentary credits, trust receipt facility and issuance of standby documentary credits. On 7 January 2009, the terms of the Trade Facility Agreement were amended by the following agreements:

(IIa) Prosperity Cement entered into a trade facility agreement (the "Prosperity Cement Trade Facility Agreement") with HS Bank. Pursuant to the Prosperity Cement Trade Facility Agreement, a trade facility of HK$44,400,000 was made available to Prosperity Cement for the issuance of documentary credits, trust receipt facility and issuance of standby documentary credits; and

(IIb) Prosperity Cement (Asia) Limited – Macao Commercial Offshore ("PCAL – MCO"), an indirect wholly-owned subsidiary of the Company, entered into a trade facility agreement (the "MCO Trade Facility Agreement") with HS Bank. Pursuant to the MCO Trade Facility Agreement, a trade facility of US$2,000,000 (equivalent to approximately HK$15,600,000 based on the exchange rate of US$1: HK$7.8) was made available to PCAL – MCO for the issuance of documentary credits, trust receipt facility and issuance of standby documentary credits.

Pursuant to the terms of the Term Facility Agreement, the Prosperity Cement Trade Facility Agreement and the MCO Trade Facility Agreement, the Company, Prosperity Cement and PCAL – MCO have undertaken, among other things, to procure Mr. Wong, a director and the controlling shareholder of the Company, to continue to be the director and the controlling shareholder of the Company. Default will be caused in respect of the term loan facility and/or the trade facility which are significant to the operations of the Company when such undertaking is breached. The obligation under the Term Facility Agreement, the Prosperity Cement Trade Facility Agreement and the MCO Trade Facility Agreement has been complied with.

AUDITOR

RSM Nelson Wheeler will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of RSM Nelson Wheeler as auditor of the Company is to be proposed at the forthcoming annual general meeting.

There is no change in auditors of the Company since the first appointment on 15 May 2006.

ON BEHALF OF THE BOARD
WONG Ben Koon
Chairman

Hong Kong, 29 June 2009

Independent Auditor's Report

TO THE SHAREHOLDERS OF

PROSPERITY INTERNATIONAL HOLDINGS (H.K.) LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Prosperity International Holdings (H.K.) Limited (the "Company") set out on pages 30 to 76, which comprise the consolidated balance sheet as at 31 March 2009, and 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 of the Company 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 (the "HKICPA") 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, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2009 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler

Certified Public Accountants

Hong Kong,

29 June 2009

Consolidated Income Statement

For the year ended 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
Turnover	6	786,492	648,611
Cost of goods sold		(703,062)	(596,679)
Gross profit		83,430	51,932
Other income	7	7,145	6,281
Selling and distribution costs		(36,323)	(16,694)
Administrative expenses		(28,388)	(14,530)
Excess of fair value of net assets acquired over the cost of acquisition of subsidiaries		—	14,222
Finance costs	9	(1,927)	(1,187)
Profit before tax		23,937	40,024
Income tax expense	10	(878)	(1,491)
Profit for the year	11	23,059	38,533
Attributable to:			
Equity holders of the Company		24,573	38,533
Minority interests		(1,514)	—
		23,059	38,533
Earnings per share			
– basic (HK cents)	15(a)	1.2	2.2
– diluted (HK cents)	15(b)	1.1	2.1

Consolidated Balance Sheet

At 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	957	1,128
Interests in an associate	17	28,120	28,074
Mining right	18	192,640	192,640
Prepayment for property, plant and equipment and land use rights		6,771	—
		228,488	221,842
Current assets			
Trade and bills receivables	19	25,742	37,775
Prepayments, deposits and other receivables		21,951	5,240
Current tax assets		496	—
Pledged bank deposits	20	15,389	9,032
Bank and cash balances	20	83,468	42,164
		147,046	94,211
Total assets		375,534	316,053
EQUITY			
Capital and reserves			
Share capital	21	21,760	20,012
Reserves	23	139,137	96,083
Equity attributable to equity holders of the Company		160,897	116,095
Minority interests		56,244	57,713
Total equity		217,141	173,808

Consolidated Balance Sheet

At 31 March 2009

	Note	2009 HK$'000	2008 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	25	**29,621**	—
Obligations under finance leases	26	**—**	147
Deferred tax liabilities	27	**48,160**	48,160
		77,781	48,307
Current liabilities			
Trade and bills payables	24	**15,063**	18,607
Other payables		**40,951**	66,176
Due to a related company		**—**	90
Trade deposits received		**99**	203
Current tax liabilities		**—**	18
Current portion of bank borrowings	25	**24,352**	8,679
Current portion of obligations under finance leases	26	**147**	165
		80,612	93,938
Total liabilities		158,393	142,245
Total equity and liabilities		375,534	316,053
Net current assets		66,434	273
Total assets less current liabilities		294,922	222,115

Approved by the Board of Directors on 29 June 2009

Wong Ben Koon
Chairman and Executive Director

Kong Siu Keung
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Foreign currency translation reserve HK$'000	Contributed surplus HK$'000	Share-based payment reserve HK$'000	Other reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2007	13,902	3,908	—	14,878	1,179	—	(10,738)	23,129	—	23,129
Translation differences	—	—	2,640	—	—	—	—	2,640	—	2,640
Net income recognised directly in equity	—	—	2,640	—	—	—	—	2,640	—	2,640
Profit for the year	—	—	—	—	—	—	38,533	38,533	—	38,533
Total recognised income and expense for the year	—	—	2,640	—	—	—	38,533	41,173	—	41,173
Transfer	—	—	—	—	—	50	(50)	—	—	—
Recognition of share-based payments	—	—	—	—	754	—	—	754	—	754
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	57,713	57,713
Issue of new shares upon placement (Note 21(a))	6,110	44,929	—	—	—	—	—	51,039	—	51,039
	6,110	44,929	—	—	754	50	(50)	51,793	57,713	109,506
At 31 March 2008	20,012	48,837	2,640	14,878	1,933	50	27,745	116,095	57,713	173,808

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Foreign currency translation reserve HK$'000	Contributed surplus HK$'000	Share-based payment reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2008	20,012	48,837	2,640	14,878	1,933	50	27,745	116,095	57,713	173,808
Translation differences	—	—	112	—	—	—	—	112	45	157
Net income recognised directly in equity	—	—	112	—	—	—	—	112	45	157
Profit for the year	—	—	—	—	—	—	24,573	24,573	(1,514)	23,059
Total recognised income and expense for the year	—	—	112	—	—	—	24,573	24,685	(1,469)	23,216
Recognition of share-based payments	—	—	—	—	173	—	—	173	—	173
Issue of new shares for acquisition of subsidiaries (Note 21(c))	1,837	20,019	—	—	—	—	—	21,856	—	21,856
Repurchase of shares (Note 21(d))	(189)	(2,063)	—	—	—	—	—	(2,252)	—	(2,252)
Issue of new shares upon exercise of share options (Note 21(e))	100	297	—	—	(57)	—	—	340	—	340
	1,748	18,253	—	—	116	—	—	20,117	—	20,117
At 31 March 2009	**21,760**	**67,090**	**2,752**	**14,878**	**2,049**	**50**	**52,318**	**160,897**	**56,244**	**217,141**

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	23,059	38,533
Adjustments for:		
Income tax expense	878	1,491
Finance costs	1,927	1,187
Interest income	(233)	(862)
Excess of fair value of net assets acquired over the cost of acquisition of subsidiaries	—	(14,222)
Depreciation	244	169
Share-based payments	173	754
Impairment loss on receivables	—	21
Operating profit before working capital changes	26,048	27,071
Decrease in trade and bills receivables	12,033	9,738
Increase in prepayments, deposits and other receivables	(16,711)	(328)
Decrease in trade and bills payables	(3,544)	(23,025)
Increase/(decrease) in other payables	12,631	(2,186)
Decrease in trade deposits received	(104)	(1,797)
Repayment to a related company	(90)	—
Cash generated from operating activities	30,263	9,473
Income tax paid	(1,392)	(3,033)
Net cash generated from operating activities	28,871	6,440
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in pledged bank deposits	(6,357)	(5,820)
Interest received	233	862
Acquisition of subsidiaries	(16,000)	(12,712)
Payment of deposits for property, plant and equipment and land use rights	(6,771)	—
Purchases of property, plant and equipment	(71)	(461)
Proceeds from disposal of property, plant and equipment	—	8
Interests in an associate	—	(12,753)
Net cash used in investing activities	(28,966)	(30,876)

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loans raised	62,395	17,896
Repayment of bank loans	(17,101)	(9,217)
Repayment of obligations under finance leases	(165)	(233)
Decrease in trust receipt loans	—	(10,310)
Finance lease charges paid	(17)	(23)
Interest paid	(1,910)	(1,164)
Proceeds from issue of shares	340	53,322
Share issue expenses paid	—	(2,283)
Payment for repurchase of shares	(2,252)	—
Net cash generated from financing activities	41,290	47,988
NET INCREASE IN CASH AND CASH EQUIVALENTS	41,195	23,552
Effect of foreign exchange rate changes	109	—
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	42,164	18,612
CASH AND CASH EQUIVALENTS AT END OF YEAR	83,468	42,164
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	83,468	42,164

Notes to the Financial Statements

For the year ended 31 March 2009

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is Suites 1801-6, 18th Floor, Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 35 to the financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2008. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas where assumptions and estimates are significant to these financial statements, are disclosed in Note 4 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

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

Minority interests represent the interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between the minority and shareholders of the Company. Losses applicable to the minority in excess of the minority's interests 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. If the subsidiary subsequently reports profits, such profits are allocated to the interests of the Group until the minority's share of losses previously absorbed by the Group has been recovered.

(b) Business combination and goodwill

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities of the subsidiary in an acquisition are measured at their fair values at the acquisition date.

The excess of the cost of acquisition over the Group's share of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses of goodwill are recognised in consolidated income statement and are not subsequently reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

The interests of minority shareholders in the subsidiary is initially measured at the minority's proportion of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investment in an associate is accounted for in the consolidated financial statements by the equity method of accounting and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

The Group's share of an associate's post-acquisition profits or losses is recognised in the consolidated income statement, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the associate which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

— All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the profit or loss on disposal.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Plant and machinery	10% to 20%
Furniture, fixtures, equipment and motor vehicles	10% to 20%
Leasehold improvements	10%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

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

(f) Leases

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease payments (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the lease term.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the balance sheet as obligations under finance leases. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets over the their estimated useful lives.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Mining right

Mining right is stated at cost less accumulated amortisation and any impairment losses. The mining right will be amortised when the mining activities commence.

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the income statement.

Financial liabilities are derecognised when the obligation specified in the relevant contracts is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the income statement.

(i) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(j) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out in (l) to (o) below.

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost 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 least 12 months after the balance sheet date.

(m) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

— the amount of the obligations under the contracts, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

— the amount initially recognised less cumulative amortisation recognised in income statement on a straight-line basis over the terms of the guarantee contracts.

(o) Equity instruments

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

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from the sales of goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Commission and despatch income is recognised on an accrual basis.

Interest income is recognised on a time-proportion basis using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) 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.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all eligible employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(r) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instrument at the date of grant and is recognised as an employee cost with a corresponding increase in share-based payment reserve within equity. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based payment reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share-based payment reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based payment reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(s) Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Taxation

Income tax represents the sum of the current tax and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associate, 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.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset 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 the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Related parties

A party is related to the Group if:

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

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

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

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

(v) 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 returns that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment revenue, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment. Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of property, plant and equipment, mining right, other assets, trade and bills receivables, prepayment, deposits and other receivables, pledged bank deposits and bank and cash balances. Segment liabilities comprise operating liabilities and exclude items such as current and deferred tax liabilities.

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 enterprises 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) Impairment of assets

Intangible assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets except receivables 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 any impairment loss. 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.

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.

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 the income statement, 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 (net of amortisation or depreciation) 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 the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase.

(x) Provisions and contingent liabilities

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow 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 is remote.

(y) Event after the balance sheet date

Event after the balance sheet date that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Event after the balance sheet date that are not adjusting events are disclosed in the Notes to the financial statements when material.

4. KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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) Mine reserve and impairment of mining right

Mine reserve is estimates of the amount of product that can be economically and legally extracted from the mining site. In order to calculate the mine reserve, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, production costs, transport costs, commodity demand and commodity prices.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data. Should there be any change in economic assumptions and geological data that used to estimate the mine reserve, impairment loss on the mining right may arise.

(b) Income taxes

Significant estimates are required in determining the provision for income tax and deferred tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Share-based payment expenses

The fair value of the share options granted to the eligible participants of the Group under an eligible participants share option scheme as detailed in Note 28 to the financial statements determined at the grant dates is expensed on a straight-line basis over the vesting period. In assessing the fair value of the share options, the Black-Scholes-Merton option pricing model (the "Black-Scholes-Merton Model") was used. The Black-Scholes-Merton Model is one of the generally accepted methodologies used to calculate the fair value of the share options. The Black-Scholes-Merton Model requires the input of subjective assumptions, including the expected volatitily, expected dividend yield and expected life of share options. Any changes in these assumptions can significantly affect the estimate of the fair value of the share options.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of respective Group entities, such as Hong Kong dollars ("HK$"), United States dollars ("US$") and Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

As at 31 March 2009, if the HK$ had weakened 2% (2008: 2%) against RMB or US$ with all other variables held constant, the impact on consolidated profit after tax are summarised in the following table. A positive number indicates an increase in consolidated profit. If the HK$ had strengthened 2% (2008: 2%) against RMB or US$ with all other variables held constant, there would be an equal and opposite impact on consolidated profit after tax.

	Impact of RMB		Impact of US$	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Consolidated profit after tax	**(273)(i)**	(951)(i)	**1,419(ii)**	986(ii)

(i) This is mainly a result of foreign exchange loss on other payables and bank deposits.

(ii) This is mainly a result of foreign exchange gain on trade and bill receivables, bank and cash balances, other payables, banking borrowings and trade and bills payables.

(b) Credit risk

The carrying amount of the bank and cash balances, pledged bank deposits, trade and bills receivables and other receivables included in the consolidated balance sheet represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

As at 31 March 2009, the three largest trade and bills receivables represent approximately 98% (2008: 62%) of the total trade and bills receivables. The Group was exposed to the concentration of credit risk. In order to minimise the credit risk, the Group maintains various credit policies for business operations as described in Note 19 to the financial statements.

The credit risk on liquid funds is limited because the counterparties are mainly banks with high credit-ratings assigned by international credit-rating agencies.

5. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that its maintains sufficient reserve of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000
At 31 March 2009			
Bank borrowings	**25,652**	**20,221**	**10,155**
Obligations under finance leases	**151**	**—**	**—**
Trade and bills payables	**15,063**	**—**	**—**
Other payables	**40,951**	**—**	**—**
At 31 March 2008			
Bank borrowings	8,679	—	—
Obligations under finance leases	182	151	—
Trade and bills payables	18,607	—	—
Other payables	44,320	—	—
Due to a related company	90	—	—

(d) Interest rate risk

The Group's exposure to interest rate risk mainly arises from its bank deposits and bank borrowings. These deposits and bank borrowings bear interests at variable rates varied with the then prevailing market condition.

At 31 March 2009, if interest rates at that date on bank deposits or bank borrowings had been 10 basis points (2008: 10 basis points) and 100 basis points (2008: 100 basis points) higher respectively with all other variables held constant, the impact on consolidated profit after tax are summarised in the following table. A positive number indicates an increase in consolidated profit. If the interest rates at that date on bank deposits or bank borrowings had been 10 basis points and 100 basis points lower respectively with all other variables held constant, there would be an equal and opposite impact on consolidated profit after tax.

	Impact to bank deposits		Impact to bank borrowings	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Consolidated profit after tax	**56**	17	**(451)**	(225)

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated balance sheet approximate their respective fair values.

6. TURNOVER

	2009 HK$'000	2008 HK$'000
Clinker, cement and other building materials	**783,895**	648,611
Granite and granite products	**2,597**	—
	786,492	648,611

7. OTHER INCOME

	2009 HK$'000	2008 HK$'000
Compensation received	**714**	—
Commission received	**1,513**	1,129
Despatch income	**3,254**	3,788
Interest income	**233**	862
Exchange difference, net	**14**	108
Others	**1,417**	394
	7,145	6,281

8. SEGMENT INFORMATION

(a) Primary reporting format – business segments

The Group is organised into two main business segments:

(i) clinker, cement and other building materials – trading of clinker, cement and other building materials; and

(ii) granite and granite products - exploitation and processing of granite and selling of granite products.

There are no sales or other transactions among the business segments.

	Clinker, cement and other building materials		Granite and granite products		Corporate and unallocated		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
TURNOVER	**783,895**	648,611	**2,597**	—	**—**	—	**786,492**	648,611
Segment results	**35,315**	28,205	**(3,253)**	—	**—**	—	**32,062**	28,205
Unallocated expenses							**(13,343)**	(7,497)
Other income							**7,145**	6,281
Excess of fair value of net assets acquired over the cost of acquisition of subsidiaries							**—**	14,222
Finance costs							**(1,927)**	(1,187)
Income tax expense							**(878)**	(1,491)
Profit for the year							**23,059**	38,533
ASSETS								
Segment assets	**137,989**	88,860	**207,689**	197,546	**—**	—	**345,678**	286,406
Interests in an associate							**28,120**	28,074
Unallocated assets							**1,736**	1,573
Total assets							**375,534**	316,053
LIABILITIES								
Segment liabilities	**28,623**	32,321	**1,019**	140	**—**	—	**29,642**	32,461
Unallocated liabilities							**128,751**	109,784
Total liabilities							**158,393**	142,245
OTHER INFORMATION								
Capital expenditure	**28**	343	**36**	—	**7**	663	**71**	1,006
Depreciation	**76**	59	**35**	—	**133**	110	**244**	169
Share-based payments	**—**	—	**—**	—	**173**	754	**173**	754
Impairment losses on receivables	**—**	21	**—**	—	**—**	—	**—**	21

8. SEGMENT INFORMATION *(continued)*

(b) Secondary reporting format – geographical segments

In determining the Group's geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of assets.

Year ended 31 March 2009

	Europe HK$'000	Asia except the People's Republic of China (the "PRC") HK$'000	The PRC HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
TURNOVER	92,753	637,119	2,597	54,023	—	786,492
ASSETS						
Segment assets	—	137,989	207,689	—	—	345,678
Interests in an associate	—	—	28,120	—	—	28,120
Unallocated assets	—	—	—	—	1,736	1,736
Total assets	—	137,989	235,809	—	1,736	375,534
OTHER INFORMATION						
Capital expenditure	—	35	36	—	—	71

Year ended 31 March 2008

	Europe HK$'000	Asia except the PRC HK$'000	The PRC HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
TURNOVER	126,408	461,392	—	60,811	—	648,611
ASSETS						
Segment assets	—	88,860	197,546	—	—	286,406
Interests in an associate	—	—	28,074	—	—	28,074
Unallocated assets	—	—	—	—	1,573	1,573
Total assets	—	88,860	225,620	—	1,573	316,053
OTHER INFORMATION						
Capital expenditure	—	1,006	—	—	—	1,006

9. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interest on bank loans	1,910	1,164
Finance lease charges	17	23
	1,927	1,187

10. INCOME TAX EXPENSE

	2009 HK$'000	2008 HK$'000
Hong Kong Profits Tax		
Provision for the year	812	1,491
Under-provision in prior year	66	—
	878	1,491

Hong Kong Profits Tax is provided at 16.5% (2008: 17.5%) on the estimated assessable profit for the year ended 31 March 2009.

The new PRC corporate income tax law passed by the Tenth National People's Congress on 16 March 2007 introduced various changes which include the unification of the corporate income tax rate for domestic and foreign enterprises at 25%. The new tax law is effective from 1 January 2008. There is no impact of the new tax law on the Group's consolidated financial statements since the Group has no assessable profit from the PRC sources for the year.

The income tax expense can be reconciled to the profit before tax as follows:

	2009 HK$'000	2008 HK$'000
Profit before tax	23,937	40,024
Tax at Hong Kong Profits Tax rate of 16.5% (2008: 17.5%)	3,950	7,004
Tax effect of net income that is not taxable in determining taxable profit	(3,150)	(6,774)
Tax effect of unrecognised temporary differences	12	(7)
Tax effect of tax loss not recognised	—	1,268
Under-provision in prior year	66	—
Income tax expense	878	1,491

11. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2009 HK$'000	2008 HK$'000
Auditor's remuneration	**690**	560
Cost of inventories sold	**509,780**	454,402
Depreciation	**244**	169
Impairment loss on receivables	**—**	21
Operating lease rentals in respect of land and buildings	**973**	955
Staff costs including directors' emoluments		
Salaries, bonus, allowances and other costs	**14,663**	9,750
Share-based payments	**173**	754
Retirement benefits scheme contributions	**479**	349
	15,315	10,853

12. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

Directors' emoluments disclosed pursuant to the Listing Rules and section 161 of the Hong Kong Companies Ordinance are as follows:

	2009 HK$'000	2008 HK$'000
Fees		
Independent non-executive directors	**360**	292
Other emoluments:		
Executive directors		
– Basic salaries, allowances and benefits in kind	**3,738**	2,385
– Retirement benefits scheme contributions	**114**	83
Independent non-executive directors		
– Retirement benefits scheme contributions	**6**	—
	4,218	2,760

12. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS *(continued)*

The emoluments of each director for the years ended 31 March 2009 and 2008 are set out below:

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Share-based payments HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Name of Director						
Mr. WONG Ben Koon	—	720	—	—	36	756
Mr. SUN Yong Sen (Note (a))	—	439	19	—	—	458
Madam HON Ching Fong (Note (b))	—	360	—	—	18	378
Mr. KONG Siu Keung	—	1,200	1,000	—	60	2,260
Mr. MO Kwok Choi	120	—	—	—	—	120
Mr. YUEN Kim Hung, Michael	120	—	—	—	6	126
Mr. YUNG Ho	120	—	—	—	—	120
Total for 2009	360	2,719	1,019	—	120	4,218
Mr. WONG Ben Koon	—	540	—	235	27	802
Madam HON Ching Fong	—	120	—	—	6	126
Mr. KONG Siu Keung	—	990	500	—	50	1,540
Mr. MO Kwok Choi	120	—	—	—	—	120
Mr. YUEN Kim Hung, Michael	88	—	—	—	—	88
Mr. YUNG Ho	84	—	—	—	—	84
Total for 2008	292	1,650	500	235	83	2,760

Notes: (a) Appointed on 23 September 2008.
(b) Resigned on 23 September 2008.

Mr. WONG Ben Koon ("Mr. Wong"), the controlling shareholder and executive director of the Company, has agreed to waive his remuneration of HK$180,000 for the year ended 31 March 2008.

Save as disclosed above, there was no other arrangement under which a director waived or agreed to waive any remuneration during the year.

12. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS *(continued)*

The five highest paid individuals in the Group during the year included two (2008: two) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three (2008: three) individuals are set out below:

	2009 HK$'000	2008 HK$'000
Salaries and allowances	**4,398**	3,616
Discretionary bonus	**2,430**	1,020
Share-based payments	**173**	519
Retirement benefits scheme contributions	**220**	181
	7,221	5,336

The emoluments fell within the following bands:

	Number of individuals	
	2009	2008
Nil to HK$1,000,000	**—**	1
HK$1,000,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$3,000,000	**1**	1
HK$3,000,001 to HK$4,000,000	**1**	—

During the year, no emoluments were paid by the Group to any of the highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

13. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contribution under the scheme.

14. DIVIDENDS

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

15. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated based on (i) the Group's profit attributable to the equity holders of the Company for the year of approximately HK$24,573,000 (2008: HK$38,533,000); and (ii) the weighted average number of ordinary shares of 2,076,196,759 (2008: 1,725,334,994) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is calculated based on (i) the Group's profit attributable to the equity holders of the Company for the year of approximately HK$24,573,000 (2008: HK$38,533,000); and (ii) the weighted average number of ordinary shares of 2,195,252,263 (2008: 1,830,004,762), being the weighted average number of ordinary shares of 2,076,196,759 (2008: 1,725,334,994) in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 119,055,504 (2008: 104,669,768) assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the year.

16. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Furniture, fixtures, equipment and motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
Cost				
At 1 April 2007	—	174	2	176
Additions	—	755	251	1,006
Acquisition of subsidiaries	152	—	—	152
Disposals	—	(9)	—	(9)
At 31 March 2008	152	920	253	1,325
Additions	36	35	—	71
Exchange differences	5	—	—	5
At 31 March 2009	**193**	**955**	**253**	**1,401**
Accumulated depreciation				
At 1 April 2007	—	27	2	29
Charge for the year	—	153	16	169
Disposals	—	(1)	—	(1)
At 31 March 2008	—	179	18	197
Charge for the year	35	184	25	244
Exchange differences	3	—	—	3
At 31 March 2009	**38**	**363**	**43**	**444**
Carrying amount				
At 31 March 2009	**155**	**592**	**210**	**957**
At 31 March 2008	152	741	235	1,128

At 31 March 2009, the carrying amount of property, plant and equipment held by the Group under finance leases was approximately HK$409,000 (2008: HK$537,000) (Note 26).

17. INTERESTS IN AN ASSOCIATE

	2009 HK$'000	2008 HK$'000
Share of net assets other than goodwill	**27,779**	27,733
Goodwill	**341**	341
Unlisted investment	**28,120**	28,074

Details of the Group's associate at 31 March 2009 are as follows:

Name	Place of incorporation	Particulars of registered capital	Percentage of interest held	Principal activities
Jiang Du Haichang Port Industrial Company Limited ("Jiang Du Haichang")	The PRC	RMB100 million	25%	Not yet commenced business

Summarised financial information in respect of the Group's associate is set out below:

	Assets HK$'000	Liabilities HK$'000	Equity HK$'000	Revenue HK$'000	Profit HK$'000
2009					
100 per cent	**111,126**	**12**	**111,114**	**—**	**—**
Group's effective interest	**27,782**	**3**	**27,779**	**—**	**—**

	Assets HK$'000	Liabilities HK$'000	Equity HK$'000	Revenue HK$'000	Profit HK$'000
2008					
100 per cent	110,933	1	110,932	—	—
Group's effective interest	27,733	—	27,733	—	—

18. MINING RIGHT

	HK$'000
Cost and carrying amount	
At 1 April 2007	—
Acquisition of subsidiaries	192,640
At 31 March 2008 and at 31 March 2009	192,640

The mining right represents the mining permit of a granite mining site located in the PRC.

The Group carried out review of the recoverable amount of the mining right as at 31 March 2009, with reference to the valuation report issued by an independent appraiser, BMI Appraisals Limited. No impairment loss is noted as at 31 March 2009.

19. TRADE AND BILLS RECEIVABLES

In relation to its clinker and cement trading, the Group receives from each customer an irrevocable documentary credit issued at sight by a bank undertaking payment to the Group upon the presentation of relevant documents as required by the issuing bank. The Group's trading terms with other customers are mainly on credit. The credit terms generally range from 30 to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The aging analysis of trade and bills receivables, based on the goods delivery date, and net of allowance, is as follows:

	2009 **HK$'000**	2008 HK$'000
0 to 90 days	**25,742**	37,775

As of 31 March 2009 and 2008, no trade receivable was past due.

20. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The bank deposits of approximately HK$2,591,000 as at 31 March 2008 bears fixed interest rate at 3.2% and therefore are subject to fair value interest rate risk.

The Group's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group as set out in Note 31 to the financial statements.

Included in bank and cash balances is an amount of approximately HK$6,553,000 as at 31 March 2009 (2008: HK$991,000) denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

21. SHARE CAPITAL

	Note	Number of shares	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.01 each			
At 1 April 2007		1,000,000,000	100,000
Share subdivision	(b)	9,000,000,000	—
At 31 March 2008 and at 31 March 2009		10,000,000,000	100,000
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
At 1 April 2007		139,017,106	13,902
Issue of new shares upon placement	(a)	61,100,000	6,110
Share subdivision	(b)	1,801,053,954	—
At 31 March 2008		2,001,171,060	20,012
Issue of new shares for acquisition of subsidiaries	(c)	183,750,000	1,837
Cancellation upon repurchase of shares	(d)	(18,940,000)	(189)
Issue of new shares upon exercise of share options	(e)	10,000,000	100
At 31 March 2009		**2,175,981,060**	**21,760**

Notes:

(a) On 10 July 2007, the Company and Oriental Patron Asia Limited entered into a placing agreement in respect of the placement of 27,800,000 ordinary shares of HK$0.1 each to independent investors of HK$0.84 per share. The placement was completed on 24 July 2007 and the premium on the issue of shares of approximately HK$19,838,000, net of share issue expenses, was credited to the Company's share premium account.

On 10 October 2007, the Company and Oriental Patron Asia Limited entered into a placing agreement in respect of the placement of 33,300,000 ordinary shares of HK$0.1 each to independent investors of HK$0.90 per share. The placement was completed on 26 October 2007 and the premium on the issue of shares of approximately HK$25,091,000, net of share issue expenses, was credited to the Company's share premium account.

(b) Pursuant to an ordinary resolution passed on 4 January 2008, each ordinary share of HK$0.1 each in the issued and unissued share capital of the Company were subdivided into ten ordinary shares of HK$0.01 each in the issued and unissued share capital of the Company.

(c) On 22 October 2008, 183,750,000 new ordinary shares of HK$0.01 each were issued at approximately HK$0.12 per share as part of the consideration for acquisition of 60% equity interests in WM Aalbrightt Investment Holdings (Hong Kong) Limited ("WM Aalbrightt"). The premium on the issue of shares of approximately HK$20,019,000 was credited to the Company's share premium account.

(d) During the year ended 31 March 2009, the Company repurchased on the Stock Exchange a total of 18,940,000 ordinary shares of the Company an aggregate consideration of approximately HK$2,252,000. All of these shares were cancelled. The premium payable on repurchase of shares was charged to the share premium account.

(e) During the year ended 31 March 2009, options were exercised to subscribe for 10,000,000 (2008: Nil) ordinary shares of the Company at a consideration of HK$340,000 (2008: HK$Nil), of which HK$100,000 (2008: HK$Nil) was credit to share capital, HK$240,000 (2008: HK$Nil) was credited to the share premium account and the balance of HK$57,000 (2008: HK$Nil) has been transferred from share-based payment reserve to share premium account in accordance with policy set out in Note 3(r).

21. SHARE CAPITAL *(continued)*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

During 2009, the Group's strategy, which was unchanged from 2008, was to maintain a capital structure with a lowest weighted average cost of capital. The debt-to-equity ratio at 31 March 2009 and at 31 March 2008 were 25% and 5%, respectively.

The externally imposed capital requirements of the Group is to maintain a consolidated tangible net worth of not less than HK$100,000,000 (2008: HK$100,000,000) and net gearing at or below 0.7 (2008: 1.25) for the year ended 31 March 2009 in accordance with relevant bank covenant imposed. As at 31 March 2009 and as at 31 March 2008, the Group fulfilled such capital requirements.

22. BALANCE SHEET OF THE COMPANY

	2009 HK$'000	2008 HK$'000
Property, plant and equipment	18	16
Due from subsidiaries	138,388	110,311
Other current assets	940	828
Bank borrowings	(23,938)	—
Other current liabilities	(253)	(1,437)
NET ASSETS	115,155	109,718
Share capital	21,760	20,012
Reserves	93,395	89,706
TOTAL EQUITY	115,155	109,718

23. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(b) Company

	Note	Share premium HK$'000	Share-based payment reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2007		3,908	1,179	46,205	51,292
Loss for the year		—	—	(7,269)	(7,269)
Recognition of share-based payments		—	754	—	754
Issue of new shares upon placement	21(a)	44,929	—	—	44,929
At 31 March 2008		48,837	1,933	38,936	89,706
At 1 April 2008		48,837	1,933	38,936	89,706
Loss for the year		—	—	(14,680)	(14,680)
Recognition of share-based payments		—	173	—	173
Issue of new shares for acquisition of subsidiaries	21(c)	20,019	—	—	20,019
Repurchase of shares	21(d)	(2,063)	—	—	(2,063)
Issue of new shares upon exercise of share options	21(e)	297	(57)	—	240
At 31 March 2009		67,090	2,049	24,256	93,395

23. RESERVES *(continued)*

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium is governed by the Companies Act of Bermuda.

(ii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

The reserve is dealt with in accordance with the accounting policies set out in Note 3(d)(iii) to the financial statements.

(iii) Contributed surplus

The contributed surplus of the Group arose as a result of the Group reorganisation implemented in preparation for the listing of the Company's shares in 2001 and represented the difference between the nominal value of the aggregate share capital of the subsidiaries acquired under the reorganisation scheme, over the nominal value of the share capital of the Company issued in exchange therefore.

(iv) Share-based payment reserve

The fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in Note 3(r) to the financial statements.

(v) Other reserve

The other reserve, which is non-distributable, is appropriated from the profit after tax of the Group's Macau subsidiary under the Macao Commercial Code.

24. TRADE AND BILLS PAYABLES

The aging analysis of trade and bills payables, based on the date of receipt of goods, is as follows:

	2009 HK$'000	2008 HK$'000
0 to 90 days	14,649	18,607
91 to 180 days	188	—
181 to 365 days	226	—
	15,063	18,607

25. BANK BORROWINGS

	2009 HK$'000	2008 HK$'000
Bank loans – secured	**53,973**	8,679

The borrowings are repayable as follows:

	2009 HK$'000	2008 HK$'000
On demand or within one year	**24,352**	8,679
In the second year	**19,621**	—
In the third to fifth years, inclusive	**10,000**	—
	53,973	8,679
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(24,352)**	(8,679)
Amount due for settlement after 12 months	**29,621**	—

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	HK$ HK$'000	US$ HK$'000	Total HK$'000
2009			
Bank loans	**30,035**	**23,938**	**53,973**
2008			
Bank loans	2,669	6,010	8,679

The range of effective interest rates at 31 March were as follows:

	2009	2008
Bank loans	**3.0% to 6.9%**	3.3% to 5.0%

All bank borrowings are arranged at floating rate, thus exposing the Group to cash flow interest rate risk.

26. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**151**	182	**147**	165
In the second to fifth years, inclusive	**—**	151	**—**	147
	151	333	**147**	312
Less: future finance charges	**(4)**	(21)	**N/A**	N/A
Present value of lease obligations	**147**	312	**147**	312
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(147)**	(165)
			—	147

The lease is arranged at a term of 2 years.

At 31 March 2009, the borrowing rate was 3% (2008: 3%). The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are effectively secured as the rights to the leased assets (Note 16) revert to the lessor in the event of default. All finance lease obligations are denominated in HK$.

27. DEFERRED TAX LIABILITIES

	Fair value difference of mining right HK$'000
At 1 April 2007	—
Acquisition of subsidiaries	48,160
At 31 March 2008 and at 31 March 2009	**48,160**

At the balance sheet date the Group has unused tax losses of approximately HK$17,623,000 (2008: HK$17,623,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit stream.

28. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company operated a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries. The Scheme became effective on 25 August 2003 and, unless otherwise cancelled or amended, remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 14 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer 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 offer; and (iii) the nominal value of the Company's shares on the date of the offer.

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

The operation of the scheme was terminated upon the transfer of listing of the Company's shares on the Growth Enterprise Market to Main Board of the Stock Exchange. Consequently, no further options may be offered or granted under the Scheme. Pursuant to the terms of the Scheme, the outstanding 168,000,000 options as at 18 December 2008 previously granted but unexercised under the Scheme remain valid and exercisable in accordance with their terms of grant.

28. SHARE-BASED PAYMENTS *(continued)*

Details of the shares options granted and outstanding during the year are as follows:

Name or category of participant	Number of options outstanding as at 1 April 2008	Exercised during the year	Number of options outstanding as at 31 March 2009	Date of grant of share options	Exerciseable period (c)	Exercise price of share options (a) HK$	Price of share at date of grant of options (a) and (b) HK$
Directors							
Mr. KONG Siu Keung	24,000,000	—	**24,000,000**	30 July 2004	28 December 2005 to 27 June 2014	0.023	0.023
Mr. Wong	60,000,000	—	**60,000,000**	14 August 2006	28 June 2007 to 27 June 2016	0.078	0.068
	84,000,000	—	**84,000,000**				
Other employees							
2004 options	24,000,000	—	**24,000,000**	30 July 2004	28 December 2005 to 27 June 2014	0.023	0.023
2005 options	30,000,000	(10,000,000)	**20,000,000**	28 July 2005	28 December 2006 to 27 June 2015	0.034	0.034
2007 options	30,000,000	—	**30,000,000**	20 August 2007	21 June 2008 to 20 June 2017	0.093	0.098
	84,000,000	(10,000,000)	**74,000,000**				
	168,000,000	(10,000,000)	**158,000,000**				

28. SHARE-BASED PAYMENTS *(continued)*

	2009		2008	
	Number of share options (a)	Weighted average exercise price (a) HK$	Number of share options (a)	Weighted average exercise price (a) HK$
Outstanding at the beginning of year	168,000,000	0.057	138,000,000	0.049
Granted during the year	—	—	30,000,000	0.093
Exercised during the year	(10,000,000)	0.034	—	—
Outstanding at the end of year	158,000,000	0.059	168,000,000	0.057
Exercisable at the end of year	158,000,000	0.059	138,000,000	0.049

The options outstanding at the end of the year have a weighted remaining contractual life of 6 years (2008: 7 years).

During the year ended 31 March 2009, 10,000,000 share options were exercised by an employee.

During the year ended 31 March 2008, 30,000,000 share options were granted to the chief executive officer.

Save for the above, no share options were granted, exercised, cancelled, or lapsed under the Scheme during the year.

(a) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital, and accordingly, has been adjusted for the share subdivision in January 2008.

Pursuant to an ordinary resolution passed on 4 January 2008, each issued and unissued share of HK$0.1 each were subdivided into ten shares of HK$0.01 each. Accordingly, the numbers of the share options and the exercise prices of the share options as shown above have been adjusted for the subdivision of shares. The prices of the Company's shares at the grant dates of the option shown above have also been adjusted for the share subdivision, in order to provide a meaningful comparison.

(b) The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.

(c) The options granted to directors and employees on 30 July 2004 and 28 July 2005 shall not be exercisable unless the Group achieved a positive net profit in any financial year after the date of grant of such options and in any event such options shall not be exercised within 18 months from 28 June 2004 for options granted on 30 July 2004, within 18 months from 28 June 2005 for options granted on 28 July 2005. The options granted to the director on 14 August 2006 shall not be exercisable within 12 months from 28 June 2006. The options granted to an employee on 20 August 2007 shall not be exercisable within 12 months from 21 June 2007.

28. SHARE-BASED PAYMENTS *(continued)*

The fair values of the share options which are estimated as at the respective dates of grant using the Black-Scholes-Merton Option Pricing Model and the assumptions used in the model are as follows:

Date of grant	20 August 2007	14 August 2006	28 July 2005	30 July 2004
Option value	HK$692,718	HK$964,161	HK$170,000	HK$280,000
Variables:				
Expected volatility	93.4%	82.4%	30.3%	44.8%
Risk-free rate	4.3%	4.2%	3.2%	3.1%
Expected life of options (years)	5.3	1.5	3.0	3.0
Expected dividend yield	15%	10.0%	Nil	Nil

Expected volatility was based on the historical volatility of the share prices of the Group over a period that is equal to the expected life before the grant date for options granted on 14 August 2006 and 20 August 2007 and 130 trading days before the grant date for options granted on 28 July 2005 and 30 July 2004.

The expected life of options granted on 30 July 2004, 28 July 2005 and 14 August 2006 was determined with reference to the Group's historical share price record. The expected life of options granted on 20 August 2007 was determined by average out the contractual life and vesting term of the share options.

The expected dividend yield was based on the Group's historical dividend payment record, financial conditions and its intention of paying dividend.

29. MAJOR NON CASH TRANSACTION

During the year ended 31 March 2009, 183,750,000 new ordinary shares of the Company of HK$0.01 each were issued at approximately HK$0.12 per share as part of the consideration for the acquisition of 60% equity interests in WM Aalbrightt during the year ended 31 March 2008.

30. CONTINGENT LIABILITIES

As at 31 March 2009, the Company has issued corporate guarantees to various financial institutions for facilities of approximately HK$182 million (2008: HK$266 million) granted to its subsidiaries. The directors do not consider it probable that a claim will be made against the Company under any of the aforesaid guarantees. The maximum liability of the Company at the balance sheet date under the aforesaid guarantees was approximately HK$65 million (2008: HK$62 million).

The fair value of the aforesaid guarantees at date of inception is not material and is not recognised in the financial statements.

Save for the aforesaid, the Company did not have other contingent liabilities.

As at 31 March 2009, the Group did not have any significant contingent liabilities (2008: Nil).

31. BANKING FACILITIES

As at 31 March 2009, the Group's banking facilities were secured by:

(a) the charge over certain bank deposits (Note 20) of the Group;

(b) 60% equity interests in WM Aalbrightt, a 60% indirect owned subsidiary of the Group, and 100% equity interests in Sharp Advance International Limited ("Sharp Advance"), an indirect wholly-owned subsidiary of the Group;

(c) all assets of Sharp Advance including interests in a subsidiary at cost of approximately HK$70 million, amounts due from fellow subsidiaries of approximately HK$0.5 million and bank deposits of approximately HK$0.3 million;

(d) corporate guarantee of the Company;

(e) corporate guarantees of subsidiaries; and

(f) personal guarantee executed by Mr. Wong.

As at 31 March 2008, the Group's banking facilities were secured by:

(a) the charge over certain bank deposits (Note 20) of the Group;

(b) corporate guarantee of the Company;

(c) corporate guarantee of a subsidiary; and

(d) personal guarantee executed by Mr. Wong.

32. COMMITMENTS

As at 31 March 2009, the Group had the following commitments:

(a) Operating lease commitments – as lessee

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

	2009 HK$'000	2008 HK$'000
Within one year	**53**	37

Operating lease payments represent rentals payable by the Group for the office premises. Leases are negotiated for a term of one to three years and rentals are fixed over the lease terms and do not include contingent rentals.

32. COMMITMENTS *(continued)*

(b) Capital and other commitments

	2009 HK$'000	2008 HK$'000
Contracted but not provided for acquisition of property, plant and equipment	3,528	1,374
Capital contribution to a subsidiary	—	13,200

33. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following material related party transactions:

		2009 HK$'000	2008 HK$'000
(a)	Rental expenses paid to Prosperity Materials (International) Limited ("PMIL")*	654	604
	Due to Cheong Sing Merchandise Agency Limited ("CMAL")	—	90

* The Group shared the office premises rented by PMIL. The rental expenses were charged in proportion to the area of office premises utilised by the Group on the rental of the office premises.

Mr. Wong and a former director of the Company, Madam Hon Ching Fong are also the directors of and have beneficial interest in CMAL and PMIL.

(b) Compensation of key management personnel

	2009 HK$'000	2008 HK$'000
Directors' fees	360	292
Basic salaries, allowances and benefits in kind	6,251	4,970
Retirement benefits scheme contributions	228	168
	6,839	5,430

34. EVENTS AFTER THE BALANCE SHEET DATE

(a) On 7 April 2009, Prosperity Cement (Asia) Limited-Macao Commercial Offshore ("PCAL-MCO"), an indirect wholly-owned subsidiary of the Company, entered into a deed of settlement with a supplier and a shipping company for a sum of US$2,160,000 (the "Settlement Sum") to compensate the supplier and the shipping company for their losses and damages suffered arising from a breach of a shipping arrangement by a customer of PCAL-MCO. After obtaining competent legal advice, a claim against the customer will be made by PCAL-MCO for all the losses that PCAL-MCO has suffered and will suffer as a result of the customer's breach of the sales agreement with PCAL-MCO, in relation to the aforesaid shipping arrangement.

For the purposes of avoiding any potential litigation against PCAL-MCO and to assist PCAL-MCO in pursuing its claims against the customer, on 7 April 2009, Mr. Wong, entered into a deed of indemnity with PCAL-MCO, where Mr. Wong granted an indemnity for the benefit of PCAL-MCO against any and all losses, liabilities, costs, charges or expenses which PCAL-MCO may incur or suffer as a result of, or in connection with, the claims against the customer (and for which PCAL-MCO cannot or is enable to recover from the customer) for nil consideration. Mr. Wong also placed the Settlement Sum as continuing security for the indemnity on 6 April 2009. The maximum amount that PCAL-MCO can obtain under the indemnity shall be the Settlement Sum together with all costs and expenses incurred by PCAL-MCO for the claim against the customer.

In light of the above, the Company's directors consider that there is currently no, and there will not be any adverse impact to the Group financially and operationally in relation the abovesaid arrangement.

(b) On 15 April 2009, the Company and Mr. Wong entered into a memorandum of understanding (the "MOU") pursuant to which the Company proposes to acquire from Mr. Wong the issued shares in the capital of Prosperity Minerals Holdings Limited ("Prosperity Minerals") representing in aggregate not less than 50% of the total issued share capital of Prosperity Minerals, directly and indirectly held by Mr. Wong, including further capital shares of Prosperity Minerals acquired by Mr. Wong on or at any time after the execution of the MOU, at a price to be agreed.

(c) Pursuant to a written resolution dated 22 May 2009 in relation to the revision of the Memorandum and Articles of Association of the associate, Jiang Du Haichang, all shareholders of the associate agreed to increase the registered capital of the associate by approximately RMB120 million, from RMB100 million to approximately RMB220 million. The Group shall contribute a total of approximately RMB30 million within 1 month after the issuance of the new business license of Jiang Du Haichang. After the aforesaid contribution, the Group will remain its effective interests of 25% in Jiang Du Haichang.

35. PRINCIPAL SUBSIDIARIES

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

Name	Place of incorporation/ registration and operation	Issued and fully paid-up capital/ registered capital	Attributable equity interest held by the Company Direct	Attributable equity interest held by the Company Indirect	Principal activities
Profit World Ventures Limited	British Virgin Islands ("BVI")	20,000 ordinary shares of US$1 each	100%	—	Investment holding
Prosperity Trading Limited	Hong Kong ("HK")	10,000 ordinary shares of HK$1 each	—	100%	Trading of building materials
Prosperity Cement (Asia) Limited	HK	2 ordinary shares of HK$1 each	—	100%	Trading of clinker and cement
Prosperity Cement Shipping Limited	BVI	2 ordinary shares of US$1 each	—	100%	Dormant
Prosperity Cement (Asia) Limited - Macao Commercial Offshore	Macau	1 ordinary share of MOP$100,000 each	—	100%	Trading of clinker and cement
Prosperity Resources (Asia) Limited	HK	2 ordinary shares of HK$1 each	—	100%	Dormant
Success Top Enterprise Limited	HK	2 ordinary shares of HK$1 each	—	100%	Dormant

35. PRINCIPAL SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operation	Issued and fully paid-up capital/ registered capital	Attributable equity interest held by the Company Direct	Attributable equity interest held by the Company Indirect	Principal activities
Sharp Advance International Limited	BVI	1 ordinary share of US$1 each	—	100%	Investment holding
WM Aalbrightt Investment Holdings (Hong Kong) Limited	HK	100,000 ordinary shares of HK$1 each	—	60%	Investment holding
Guilin Star Brite Stone Materials Co., Ltd.	The PRC	Registered capital US$3,000,000	—	60%	Exploitation and processing of granite and selling of granite products

36. COMPARATIVE FIGURES

Certain comparative figures in relation to disclosure of geographical segments under segment information have been reclassified to conform to the current year's presentation.

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on 29 June 2009.

Summary Financial Information

The following is a summary of the published results and of the assets and liabilities of the Group prepared on the bases set out in the note below:

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Turnover	**786,492**	648,611	550,597	159,587	—
Profit/(loss) before tax	**23,937**	40,024	20,911	11,157	(3,457)
Income tax expense	**(878)**	(1,491)	(1,565)	(4)	—
Profit/(loss) from continuing operation	**23,059**	38,533	19,346	11,153	(3,457)
Loss from discontinued operation	**—**	—	—	(4,362)	(34,320)
Profit/(loss) for the year	**23,059**	38,533	19,346	6,791	(37,777)
Attributable to:					
Equity holders of the Company	**24,573**	38,533	19,346	6,791	(36,621)
Minority interests	**(1,514)**	—	—	—	(1,156)
	23,059	38,533	19,346	6,791	(37,777)

Summary Financial Information

	As at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Non-current assets	**228,488**	221,842	12,828	9	47,002
Current assets	**147,046**	94,211	73,472	36,859	27,402
Current liabilities	**(80,612)**	(93,938)	(63,171)	(30,745)	(81,068)
Non-current liabilities	**(77,781)**	(48,307)	—	—	(19,253)
Total equity	**217,141**	173,808	23,129	6,123	(25,917)
Attributable to:					
Equity holders of the Company	**160,897**	116,095	23,129	6,123	(25,917)
Minority interests	**56,244**	57,713	—	—	—
	217,141	173,808	23,129	6,123	(25,917)

Note: Amounts disclosed in the summary financial information for prior years were extracted from the annual report for the year ended 31 March 2008.