Annual Report 2009

CHINA RAILSMEDIA CORPORATION LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 745)

Contents

Corporate Information

DIRECTORS

Executive Directors
Mr. Hui Chi Yung *(Chairman)*
Mr. Yiu Kai Yeuk, Raphael
Mr. Hui Kau Mo

Independent Non-executive Directors
Mr. Liu Kwong Sang
Mr. Sit Hing Wah
Dr. Hu Chung Kuen, David

AUDIT COMMITTEE

Mr. Liu Kwong Sang
Mr. Sit Hing Wah
Dr. Hu Chung Kuen, David

COMPANY SECRETARY

Mr. Li Chik Ming, *B.A. (Hons), CPA*

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

REGISTERED OFFICE

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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Port Street
P.O. Box 705, George Town
Grand Cayman, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

ORDINARY SHARE LISTING

Main Board of The Stock Exchange of Hong Kong Limited
(Stock code: 745)

Chairman's Statement

Dear Shareholders

On behalf of the Board of Directors (the "Board" or the "Directors") of China Railsmedia Corporation Limited (the "Company"), I present the annual results of the Company and its subsidiaries (collectively refer to the "Group") for the year ended 31 March 2009.

RESULTS

Our core businesses are building construction, renovation and fitting out works, and advertisement. We also cooperate with strategic partners on project basis. Majority of the group turnover was derived from renovation and fitting out works during the year under review.

In 2008, we have experienced construction material costs increase in first half of this financial year and followed by the global economic recession in the second half. As such, the construction industry has unavoidably been affected. Our policy, which has adopted in these few years, to downsize our construction department makes us in a better position to face the adverse situation.

In 2 September 2008, the name of the Company has been changed from "Wing Hong (Holdings) Limited" to "China Railsmedia Corporation Limited". This change signified our Group to enter the media business.

As reported earlier in the interim report in December 2008, the initial stage of acquiring 北京鐵聯通達廣告傳媒有限公司 ("北京鐵聯通達") has been completed. It is a company engaging in media sales and management services for the multi-media business and the operation of media advertising spaces together with the provision of rail transit value-added services through LCD displays located at the ticketing offices of each station in the Mainland China. At present, we hold 55% of the equity interest of 北京鐵聯通達. This acquisition marks the cornerstone for our Group to enter the media business in Mainland China.

Although there's huge potential in Mainland China's media business, we need time to position us in this market. In addition, the economic downturn we faced in second half of 2008 affected most businesses and thus definitely included our newly acquired advertising business. To reduce the negative impact from the economic change, we decided to adopt a prudent strategy to slow down the installation of LCD displays located at the stations. This strategy, together with the effectively cost control had lessened the negative impact to the overall financial results.

To reflect the uncertainty in the market and also to be in line with good accounting practice, it is necessary to factor in an impairment on goodwill of HK$22.8 million arising from the acquisition of 北京鐵聯通達. Would this one-off financial impact be ignored, the loss attributable to equity shareholders of the Company for this fiscal year was HK$51.0 million, which would be more comparable to HK$37.1 million loss reported for the last financial year.

Chairman's Statement

PROSPECT

The Chinese government has spurred growth by announcing an RMB4 trillion stimulus package to boost economic expansion. In addition, the government is also offering subsidies for people in villages purchasing certain consumable goods such as electrical appliances. Sure this package will stimulate the domestic spending and thus advertising market in Mainland China. I am optimistic about the potential of the government package and believed that Mainland China will be the first country recovering from the recession.

Even the installation of LCD displays has been slowed down, it is not stopped. The installation of LCD display in major cities such as Guangzhou, Shanghai and Beijing is continuing. The media business we are participated will benefit when domestic spending is strong. It's believed that by installing LCD display in major cities will allow us to capture the opportunities would the economy recovered.

Furthermore, we are adopting a very prudent strategy to help us passing through the existing tough conditions. We are limiting capital expenditure and cutting costs wherever possible. It's believed that we can come out from the ongoing downturn that face us today and have a brighter future.

APPRECIATION

I would like to take this opportunity to express my gratitude to our shareholders, business partners, directors and our dedicated staff for their continued support and confidence in the Group, especially in this difficult economic environment.

Hui Chi Yung
Chairman

Hong Kong, 10 July 2009

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 March 2009, the Group recorded a turnover of approximately HK$108.0 million in comparing to HK$63.2 million in fiscal 2008. Gross profit recorded HK$2.7 million, whereas there's profit of HK$2.8 million in fiscal 2008. With the increasing legal and professional expenditure and impairment on goodwill arising from acquisition of 北京鐵聯通達, net loss attributable to equity shareholders of the Company for this fiscal year was HK$73.8 million, as compared with HK$37.1 million recorded in last financial year.

Building construction

Revenue from Building construction was HK$23.3 million for this financial year (2008: HK$16.5 million). The depression in the construction industry continued especially in the global economic recession we are facing.

To reduce the negative impact of the depression of construction industry to the Group, we will keep our policy to downsize the construction department and sought for other investment opportunities.

Renovation and fitting out works

As the old projects were approaching completion, the revenue from Renovation and fitting out works reported HK$84.4 million for this financial year (2008: HK$46.7 million).

There were lots of small scale renovation works in Hong Kong, however, it was not appropriate for our company to step into this market.

Advertisement

It's the new business segment we participated after acquiring 北京鐵聯通達. As 北京鐵聯通達 started to become our non-wholly owned subsidiary in November 2008, for the year ended 31 March 2009, it contributed only five-month results with revenue of HK$350,000 to the Group.

FINANCIAL REVIEW

Liquidity and financing

There were no bank borrowings as at 31 March 2009 and 2008. The Group's cash and bank deposits were approximately HK$24.4 million (2008: HK$15.6 million).

The Group's gearing ratio, calculated by aggregate of amount due to a related party, loans from shareholders and other non-current liabilities over total assets, increase to 25.07% at 31 March 2009 from 21.68% at 31 March 2008.

Treasury policies

Cash and bank deposits of the Group are mainly in HK dollars or RMB.

The Group conducts its core business transaction mainly in HK dollars and RMB such that the Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure is insignificant.

Management Discussion and Analysis

Pledge of assets

As at 31 March 2009 and 2008, the Group had no time deposits pledged for performance bond facilities.

Use of proceeds

On 30 May 2008, the Company has entered into the placing and subscription agreement in relation to the placing of 93,000,000 shares at a placing price of HK$0.74 per share. The net proceeds of approximately HK$63,000,000 would be used for the acquisition of 北京鐵聯通達 and as general working capital of the Group.

Employment information

On 31 March 2009, the Group had 117 full time employees (31 March 2008: 59 employees), whom are employed in Hong Kong and Mainland China. They are remunerated at market level with benefits such as medical, retirement benefit and share option scheme.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 19 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2009 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 22 to 85.

The directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group is set out on page 86 of the annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in note 33 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Law (2004 Revision) of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

PURCHASE, REDEMPTION OR LISTED SECURITIES

During the year ended 31 March 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 36 to the financial statements and in the consolidated statement of changes in equity, respectively.

Report of the Directors

DISTRIBUTABLE RESERVES

At 31 March 2009, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law (2004 Revision) of the Cayman Islands, amounted to approximately HK$220,373,000. The distributable reserves include the Company's share premium and capital reserve, in a total of approximately HK$219,394,000 as at 31 March 2009, which may be distributed, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's 5 largest customers accounted for 81.56% of the total sales for the year and sales to the largest customer included therein amounted to 74.55%. The aggregate purchases during the year attributable to the Group's 5 largest suppliers accounted for 56.69% of the Group's total purchases for the year and purchase from the largest supplier included therein amounted to 37.32%.

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

DIRECTORS

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

Executive directors:

Mr. Hui Chi Yung *(Chairman)*
Mr. Yiu Kai Yeuk, Raphael
Mr. Hui Kau Mo

Independent non-executive directors:

Mr. Liu Kwong Sang
Mr. Sit Hing Wah
Dr. Hu Chung Kuen, David

In accordance with articles 86(3), 87(1) and (2) of the Company's articles of association, Mr. Hui Kau Mo and Mr. Sit Hing Wah will retire by rotation and being eligible, will offer themselves for re-election at the forthcoming Annual General Meeting. The independent non-executive directors are appointed for a period one year commencing from 1 September 2008.

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 pages 17 to 18 of the annual report.

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 1 September 2007. Each of the executive Directors is entitled to the respective basic salaries set out below (subject to an annual increment after each completed year of service at a rate to be determined at the sole and absolute discretion of the board of Directors). In addition, the executive Directors are also entitled to a discretionary bonus as the board of Directors may in its absolute discretion determine having regard to the performance of the executive Director and the operating results of the Group in respect of any financial year of the Company. An executive Director may not vote on any resolution of the Directors regarding the amount of the bonus payable to him. Furthermore, the executive Directors are entitled to all reasonable medical expenses as provided under the Group's medical benefits scheme. In addition, the executive Directors may, at the sole and absolute discretion of the board of Directors, be eligible to participate in any share option scheme from time to time adopted by the Company in accordance with the terms and conditions of such share option scheme. The current basic monthly salaries of the executive Directors are as follows:

Name	**Amount**
	HK$
Mr. Hui Chi Yung	68,800
Mr. Yiu Kai Yeuk, Raphael	139,800

The independent non-executive Directors have been appointed for a term of 1 year commencing from 1 September 2008. The Company intends to pay a director's fee of HK$20,000 per annum to each of the independent non-executive Directors. Save for the director's fee, none of the independent non-executive Director is expected to receive any other remuneration for holding their office as an independent non-executive Director.

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 41 to the financial statements, no director had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

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

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

At 31 March 2009, the interests and short positions of the directors in the share capital and 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")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long position in Shares, underlying shares and debentures of the Company or its associated corporations:

Name of Director	Company/name of associated corporation	Capacity	Name and class of securities/approximate shareholding percentage *(Note 1)*
Mr. Hui Chi Yung	Company	Settlor/Founder of The Wing Hong Trust *(Note 2)*	743,918,560 Shares/ 48.50% (L)
	Rich Place Investment Limited	Settlor/Founder of The Wing Hong Trust *(Note 3)*	1 ordinary share/ 100% (L)
	Wise Win Enterprises Limited	Settlor/Founder of The Wing Hong Trust *(Note 4)*	1 ordinary share/ 100% (L)
Mr. Yiu Kai Yeuk Raphael	Company	Corporate interest *(Note 5)*	65,053,440 Shares/ 4.24% (L)
	Beatrice Construction Limited	Beneficial owner	96,000 ordinary shares/ 10% (L)
Mr. Hui Kau Mo	Company	Settlor/Founder of The Wing Hong Trust *(Note 2)*	743,918,560 Shares/ 48.50% (L)
	Rich Place Investment Limited	Settlor/Founder of The Wing Hong Trust (Note 3)	1 ordinary share/ 100% (L)
	Wise Win Enterprises Limited	Settlor/Founder of The Wing Hong Trust *(Note 4)*	1 ordinary share/ 100% (L)

Notes:

1. The letter "L" denotes the Director's long position in such securities.

2. These shares are held by Rich Place Investment Limited ("Rich Place") which is wholly owned by RBTT Trust Cooperation ("RBTT"), and Wise Win Enterprises Limited, a wholly owned subsidiary of Rich Place. RBTT is the trustee of The Wing Hong Trust, a discretionary trust whose beneficiaries are the family members of Mr. Hui Kau Mo.

3. The share is held by RBTT. RBTT is the trustee of The Wing Hong Trust, a discretionary trust whose beneficiaries are the family members of Mr. Hui Kau Mo.

4. The share is held by Rich Place.

5. These shares are held by Million Honest Limited, the entire issued share capital of which is held by Mr. Yiu Kai Yeuk, Raphael.

Save as disclosed above, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Report of the Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share option scheme of the Company, at no time during the year were there any 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, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

Particulars of the share option scheme of the Company are disclosed in note 35 to the financial statements. Since adoption of the share option scheme, no share option has been granted.

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

At 31 March 2009, the interests and short positions (other than the directors of the Company) of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests in the shares and underlying shares of the Company, as required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Long position in shares, underlying shares and debentures of the Company or its associated corporations:

Name	**Capacity**	**Class and number of securities/approximate shareholding percentage** *(Note 1)*
The Wing Hong Trust	Beneficial owner *(Note 2)*	743,918,560 Shares/48.50% (L)
Chin Ivan	Beneficial owner	104,920,000 Shares/6.84% (L)

Notes:

1. The letter "L" denotes the long position in such securities.

2. These shares are held by Rich Place and Wise Win Enterprises Limited, a wholly owned subsidiary of Rich Place. The entire issued share capital of Rich Place is held by RBTT, acting in its capacity as the trustee of The Wing Hong Trust, a discretionary trust whose beneficiaries are the family members of Mr. Hui Kau Mo.

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

On 6 October 2008, Shanghai Jinjiang Wing Hong Contracting Co. Ltd ("Jinjiang Wing Hong"), a non wholly-owned subsidiary of the Company entered into the agreement ("Master Agreement") with Shanghai Jin Jiang International Industry Development Co. Limited ("Shanghai Jinjiang) for a term of 3 years. Pursuant to which Jinjiang Wing Hong agreed to provide the services of renovation, furniture production, construction and equipment installation to various hotels and properties owned or rented by Shanghai Jinjiang and its associates.

Report of the Directors

As Shanghai Jinjiang is a substantial shareholder of Jinjiang Wing Hong, a non wholly-owned subsidiary of the Company, Shanghai Jinjiang and its associates are connected person of the Company and the transactions contemplated under the Master Agreement, which are continuing or recurring in nature, constitute continuing connected transactions of the Company under the Listing Rules.

For year ended 31 March 2009, the total amount received from Shanghai Jinjiang and its associates was HK$2,838,000.

The independent non-exectuive directors of the Company have reviewed and confirmed that the continuing connected transactions entered into by the Group were (i) in the ordinary course of the Group's business; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (iii) in accordance with the relevant agreements governing these transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The external auditor of the Company has confirmed to the Board in writing that the continuing connected transactions described above (i) have received approval of the Board; (ii) were in accordance with the pricing policies of the Group if the relevant transactions involved provision of goods or services by the Group; (iii) have been entered into in accordance with the relevant agreement governing these transactions; and (iv) had not exceeded the caps disclosed in the previous announcements relating to the aforesaid transactions.

PUBLIC FLOAT

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

ANNUAL CONFIRMATION OF INDEPENDENCE

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

AUDITORS

Messrs. HLB Hodgson Impey Cheng will retire and, being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming annual general meeting.

On Behalf of the Board

Hui Chi Yung
Chairman

Hong Kong, 10 July 2009

Corporate Governance Report

The board of directors (the "Board") recognizes the importance of corporate governance to the Company's healthy growth and is dedicated to maintaining good standards of corporate governance so as to enhance corporate transparency and protect the interests of shareholders.

The Company has complied with all the code provisions in the Code of Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 March 2009 (the "Year") except for the following deviations:

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive Officer and Mr. Hui Chi Yung currently holds both positions. The Board believes that vesting the roles of Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership in the development and execution of long-term business strategies.

The key corporate governance principles and practices of the Company are summarized as follows:

THE BOARD

Responsibilities

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promotion the success of the Company by directing and supervising its affairs. All directors should take decisions objectively in the interests of the Company.

The Board takes the responsibility for all major matters of the Company including: the approval and monitoring of all policy matters, overall strategies, internal control and risk management systems, appointment and retirement of directors and other significant financial and operational matters.

The executive directors are responsible for overseeing the day-to-day management of the Company's operations and implementation of the strategies set by the Board.

Composition

The composition of the Board ensures a balance of skills and experience appropriate to the requirements of the business of the Company and to the exercising of independent judgement.

The Board of the Company comprised the following directors:

Executive Directors
Mr. Hui Chi Yung *(Chairman)*
Mr. Yiu Kai Yeuk, Raphael
Mr. Hui Kau Mo

Independent Non-executive Directors
Mr. Liu Kwong Sang
Mr. Sit Hing Wah
Dr. Hu Chung Kuen, David

Corporate Governance Report

The names and biographical details of each director are disclosed on pages 17 to 18 of this Annual Report. Mr. Hui Kau Mo is the father of Mr. Hui Chi Yung. They are both interest in 743,918,560 shares as disclosed on page 10 of this annual report. Except as disclosed, there is no other relationship (including financial, business, family or other material relationship) among the members of the Board.

During the Year, the Board at all times met the requirements of the Listing Rules in relation to the appointment of at least 3 independent non-executive directors with at least 1 independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company confirms that it has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the independent non-executive directors are independent.

Each of the independent non-executive directors is appointed for a term of one year expiring on 1 September 2009 and they are also subject to retirement by rotation in accordance with the Company's Articles of Association. Regular Board meetings are held for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the Year, 8 Board meetings were held and the attendance of individual director was as follows:

Name of directors	**Attendance**
Mr. Hui Chi Yung *(Chairman)*	8/8
Mr. Yiu Kai Yeuk, Raphael	8/8
Mr. Hui Kau Mo	6/8
Mr. Liu Kwong Sang	4/8
Mr. Sit Hing Wah	2/8
Dr. Hu Chung Kuen, David	4/8

The Chairman is responsible for providing leadership for the Board and ensuring that the Board works effectively and that all key and appropriate issues are discussed by the Board on a timely manner, formulating the investment strategies, monitoring the investment performance and approving investment decisions.

BOARD COMMITTEES

In order to strengthen the functions of the Board and to oversee particular aspects of the Company's affairs, two committees have been established, namely, the Remuneration Committee and the Audit Committee. Both committees are established with defined written terms of reference.

Remuneration Committee

The Board has established a Remuneration Committee comprising one executive director and three independent non-executive directors, namely, Mr Hui Chi Yung, Mr Liu Kwong Sang, Mr Sit Hing Wah and Dr Hu Chung Kuen, David. Mr Liu Kwong Sang is the chairman of the Remuneration Committee. The primary objective for setting up the Remuneration Committee is to comply with the Code Provision as set out in the CG Code. Its responsibilities are to review and consider the Company's policy for remuneration of directors and senior management, to recommend to the Board the remuneration packages of executive directors, non-executive director and the senior management.

Corporate Governance Report

The Remuneration Committee held one meeting during the Year. Details of individual attendance of its members are set out below:

Name of directors	Attendance
Mr. Hui Chi Yung	1/1
Mr. Liu Kwong Sang	1/1
Mr. Sit Hing Wah	0/1
Dr. Hu Chung Kuen, David	1/1

During the year, the remuneration committee had reviewed and considered, inter alia, the remuneration policy of the Company and the remuneration of the directors and senior management.

Audit Committee

The Audit Committee comprised three independent non-executive directors. Mr. Liu Kwong Sang is the Chairman of the Audit Committee.

The main duties of the Audit Committee include the following:

(1) To review the financial statements and reports and consider any significant or unusual items by the qualified accountant, compliance officer or external auditors before submission to the Board.

(2) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(3) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee held two meetings during the Year. Details of individual attendance of its members are set out below:

Name of directors	Attendance
Mr. Liu Kwong Sang	2/2
Mr. Sit Hing Wah	0/2
Dr. Hu Chung Kuen, David	2/2

During the year, the audit committee had reviewed and considered, inter alia, the annual results for the year ended 31 March 2008 and the interim results for the six months ended 30 September 2008.

Corporate Governance Report

OTHER INFORMATION

The Board has not established a nomination committee. According to the articles of association of the Company, the Board has the power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. In assessing nomination of new directors, the Board will take into consideration of the nominee's qualification, ability and potential contributions to the Company. There was no change of the composition of the Board during the year under review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the Model Code throughout the Year.

AUDITOR'S REMUNERATION

The Audit Committee reviews each year with the external auditors of the Company with regards their independence, approves their appointment, discusses the scope of their audit, approves their fees, and the scope and appropriate fees for any non-audit services requested to be provided by them. During the Year, the fees paid to the Company's auditors in respect of audit services amounted to HK$580,000.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" on pages 19 to 21.

DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirement. The directors acknowledge their responsibility for preparing the financial statements of the Company for each financial year which gives a true and fair view of the state of the Company.

The financial statements of the Group for the year ended 31 March 2009 have been prepared on a going concern basis, the validity of which depends upon the outcome of the arbitration and recoverability of accounts receivable, the other receivable as stated below in Note 25 to financial statements and the successful outcome of the Group's measures to satisfy its working capital needs and improve the liquidity position. The financial statements do not include any adjustment that would result from the Group fail to recover the accounts receivable and other receivable. If the accounts receivable and other receivable were not to be recovered or there was a failure as to the successful outcome of the working capital and liquidity position of the Group, adjustments would have to be made to the financial statements to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. For additional details of these fundamental uncertainties relating to the going concern, please refer to Independent Auditors' Report on pages 19 to 21 and Note 3 to financial statements.

INTERNAL CONTROL

The Board has overall responsibility for the establishment, maintenance and review of the Company's internal control system. The Company has established an internal control system and the Board will conduct review on the effectiveness of the system at least annually and report the result of the review to the shareholders.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Hui Chi Yung, aged 45, is an executive Director of the Group. Mr. Hui joined the Group in July 1993. He is responsible for formulating and implementation of the business strategy of the Group's operations and finding business opportunities. Prior to joining the Group, Mr. Hui engaged in the engineering field and was responsible for managing the construction of a condominium and a 3-storey apartment site situated in Canada. Mr. Hui holds a bachelor degree of Applied Science in Electrical Engineering obtained from the University of British Columbia, Canada in 1993. Mr. Hui is a son of Mr. Hui Kau Mo and the brother of Mr. Hui Chi Yang.

Mr. Yiu Kai Yeuk, Raphael, aged 65, is the general manager and an executive Director. Mr. Yiu joined the Group in February 1992 and is responsible for the project management, tendering, procurement and subcontracting. Mr. Yiu has more than 20 years of working experience in the construction industry and 10 years of experience as an engineer. Prior to joining the Group, Mr. Yiu was a director and the general manager of Sung Foo Kee, Ltd. and Shui Ho Construction Co. Ltd. Mr. Yiu graduated from the University of Hong Kong in 1967 with a bachelor degree of Science in Engineering and is a Registered Professional Engineer. Mr. Yiu is also a member of each of the Hong Kong Institution of Engineers, the Institution of Structural Engineers and the Institution of Civil Engineers in the United Kingdom.

Mr. Hui Kau Mo, aged 76, is an executive Director. Mr. Hui joined the Group in March 1992 and left the management team in December 1995 and rejoined the Group in August 2003. Mr. Hui is the father of Mr. Hui Chi Yung and Mr. Hui Chi Yang. He is responsible for sales, marketing and business development of the Group, especially in the PRC. Mr. Hui also serves as a non-executive director of abc Multiactive Limited, a software company listed on the Growth Enterprise Market of the Stock Exchange.

Independent Non-Executive Directors

Mr. Sit Hing Wah, aged 86, is an independent non-executive Director. He was appointed as an independent non-executive Director in September 2002. Mr. Sit founded The Federation of Hong Kong Travellers Ltd. in the 70s with other professionals in the tourism industry and is currently its Honorary Chairman. Furthermore, Mr. Sit has also set up the Hong Kong Health Care Association On Aging in 2001 and is now its chairman.

Dr. Hu Chung Kuen, David, aged 55, is an independent non-executive Director of the Group. He was appointed as an independent non-executive Director in September 2002. Dr. Hu graduated with honours from the University of Minnesota, U.S. with Bachelor degree in Science in 1975 and obtained the M.D. degree from the School of Medicine, Washington University, U.S. in 1979. He completed his Internal Medicine residency at Vancouver General Hospital, Canada in 1982 and Cardiology Fellowship at Mayo Graduate School of Medicine, U.S. in 1985. Since then, Dr. Hu has been practiced as a Clinical Assistant Professor at the University of British Columbia and has completed a clinical fellowship in International Cardiology at Beth Israel Deaconess Medical Center, Harvard Medical School, U.S., Dr. Hu returned to Hong Kong and commenced private practice. Dr. Hu not only has fellowships of Hong Kong College of Physicians, Hong Kong Academy of Medicine, the Royal College of Physicians of Canada and American College of Cardiology but in addition he has Memberships in the Royal College of Surgeons of England, the Hong Kong College of Cardiology, and Canadian Cardiovascular Society.

Biographical Details of Directors and Senior Management

Mr. Liu Kwong Sang, aged 47, is currently a practising certified public accountant in Hong Kong with more than 20 years of experience in accounting profession. Mr. Liu graduated from Hong Kong Polytechnic University with a bachelor degree in Accountancy (with honours) and obtained a master degree in business administration from the University of Linclon, United Kingdom. He is an associate member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Institute of Financial Accountants and a fellow member of the National Institute of Accountants, Australia. Mr. Liu is also a fellow member of Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong, a fellow member of the Society of Registered Financial Planners. Mr. Liu acts as independent non-executive directors of certain listed companies listed on the Stock Exchange of Hong Kong and a company listed on the American Stock Exchange.

SENIOR MANAGEMENT

Mr. Lee Wing Hon, aged 51, is the electrical and mechanical manager of Wing Hong Contractors Limited, a subsidiary of the Group since September 1996. He has over 20 years of experience in the building services field of the construction industry. He is responsible for the overall site and contractual matters with respect to the electrical & mechanical aspects of each project, ensuring the specified requirements on the building services performance are met and making certain that projects are complete within the predetermined period in an efficient and profitable manner. Mr. Lee served as a project manager for ATAL Engineering Limited since 1981. Prior to joining the Group from year 1991 to 1994, Mr. Lee was the application engineer of Northern Industrial in Canada. Mr. Lee is a Professional Engineer registered in Canada and a Chartered Engineer of the United Kingdom.

Mr. Ying Chung Yat, Raymond, aged 42, is the Chief Operating Officer of 北京鐵聯通達. He joined the Group after 北京鐵聯通達 has been acquired. Mr. Ying has over 15 years of solid experience in television, Internet, outdoor and print media industries in Hong Kong and China. He is responsible for overseeing and monitoring the overall operation of 北京鐵聯通達. Prior to joining 北京鐵聯通達, he was the General Manager of Sunevision Holdings Limited. Mr. Ying graduated from York University, Canada with Bachelor of Arts in Mathematics for Commerce.

Independent Auditors' Report

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

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

TO THE SHAREHOLDERS OF
CHINA RAILSMEDIA CORPORATION LIMITED
(FORMERLY KNOWN AS WING HONG (HOLDINGS) LIMITED)
(incorporated in the Cayman Islands with limited liability)

We were engaged to audit the consolidated financial statements of China Railsmedia Corporation Limited (formerly known as Wing Hong (Holdings) Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") as set out on pages 22 to 85, which comprise the consolidated balance sheet and the Company balance sheet as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

Except for the limitation in the scope of our work as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement. However, because of the matter described in the basis of disclaimer of opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independent Auditors' Report

BASIS FOR DISCLAIMER OF OPINION

Significant uncertainty and limitation of audit scope relating to the recoverability of accounts receivable and arbitration

As described in Note 3 to the financial statements, the Group commenced arbitration against a major customer ("Case 1") to recover the accounts receivable of the Group, representing an amount recorded based on architects' certificate, of approximately HK$120,459,000 (the "Receivable Under Dispute"). Subsequently a counter claim was made by the major customer against the Group in relation to the disputes on claims arising from liquidated damages and alleged environmental related damages in relation to main contract works in a residential development project carried out in Hong Kong ("Case 2") in the amount of approximately HK$122,480,000. In respect of Case 1 and Case 2, the parties are undergoing on arbitration and negotiation process and the outcome of the arbitration has not been finalised as of the date of approval of these financial statements.

As a result of the uncertainty of the timing and the outcome of Case 1, we are unable to ascertain as to how much and when the accounts receivable of the major customer would be recoverable or whether the full amount might be recoverable. There were no other practical satisfactory audit procedures that we could adopt to assess the carrying value of the accounts receivable of the major customer. Any adjustments to the carrying value of the accounts receivable of the major customer that might have been necessary should evidence become available to us may have a consequential significant effect on the net assets of the Company and the Group as at 31 March 2009 and the loss of the Group for the year then ended.

As a result of the uncertainty of the timing and the outcome of Case 2, we are unable to ascertain the possible result of Case 2 against the Group in relation to the disputes on claims arising from liquidated damages and alleged environmental related damages in relation to main contract works in a residential development project carried out in Hong Kong. The future settlement of Case 2 could result in additional liabilities of the Group. Any adjustments to the additional liabilities of Case 2 that might have been necessary should evidence become available to us may have a consequential significant effect on the net assets of the Company and the Group as at 31 March 2009 and the loss of the Group for the year then ended.

Significant uncertainty and limitation of audit scope relating to recoverability of other receivable and arbitration

As described in Note 25 to the financial statements, the Group commenced arbitration against a subcontractor ("Case 3") to recover the other receivable of the Group in the amount of approximately HK$10,400,000 (the "Receivable"). Case 3 is in respect of costs incurred on behalf of the subcontractor arising from execution of a civil engineering works contract in Hong Kong. Although the directors of the Company, after consultation with their legal advisors, are of the view that the Group has valid grounds to recover the Receivable, the outcome of such arbitration cannot be determined as at the date of approval of these financial statements.

As a result of the uncertainty of the timing and the outcome of Case 3 we are unable to ascertain as to how much and when the other receivable of the subcontractor would be recoverable or whether the full amount might be recoverable. There were no other practical satisfactory audit procedures that we could adopt to assess the carrying value of the other receivable of the subcontractor. Any adjustments to the carrying value of the other receivable of the subcontractor that might have been necessary should evidence become available to us may have a consequential significant effect on the net assets of the Company and the Group as at 31 March 2009 and the loss of the Group for the year then ended.

Independent Auditors' Report

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for opinion.

Significant uncertainties relating to the going concern basis of the Group

In forming our opinion we have considered the adequacy of the disclosures made in Note 3 to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. As explained in Note 3 to the financial statements, the directors are currently undertaking measures to satisfy its working capital needs and improve the liquidity position of the Group.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the outcome of Case 1, Case 2 and Case 3 and the recoverability of the Receivable Under Dispute, the Receivable and the successful outcome of the Group's measures to satisfy its working capital needs and improve the liquidity position. The financial statements do not include any adjustments that would result from the Group fail to recover the Receivable Under Dispute and the Receivable as stated above and a failure as to the successful outcome of the working capital and liquidity position of the Group. If the Receivable Under Dispute and the Receivable were not to be recovered or there was a failure as to the successful outcome of the working capital and liquidity position of the Group, adjustments would have to be made to the financial statements to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. We are uncertain whether the financial statements of the Group should be prepared under the going concern basis due to the matters as mentioned in preceding paragraph.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY THE FINANCIAL STATEMENTS

Because of the significance of the possible effects of the limitation in evidence available to us relating to the matters referred to the above paragraphs, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 or of the loss and cash flows of the Group for the year then ended and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Companies Ordinance.

In respect alone of the limitation on our work relating to the matters described above, we have not obtained all the information and explanations that we considered necessary for the purposes of our audit.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 10 July 2009

Consolidated Income Statement

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Turnover	*8*	**108,038**	63,197
Cost of sales		**(105,328)**	(60,359)
Gross profit		**2,710**	2,838
Other revenue	*8*	**809**	1,347
Other income	*9*	**463**	420
Impairment loss in respect of goodwill	*18*	**(22,823)**	–
Administrative expenses		**(53,766)**	(39,731)
Other operating expenses		**(64)**	(14)
Loss from operating activities	*9*	**(72,671)**	(35,140)
Finance costs	*10*	**(3,641)**	(2,311)
Loss before taxation		**(76,312)**	(37,451)
Taxation	*13*	**22**	473
Loss for the year		**(76,290)**	(36,978)
Attributable to:			
– Equity holders of the Company		**(73,827)**	(37,055)
– Minority interests		**(2,463)**	77
		(76,290)	(36,978)
Dividends	*15*	**–**	–
Loss per share attributable to equity holders of the Company			
– Basic and diluted	*16*	**(HK4.86 cents)**	(HK2.95 cents)

All of the Group's operations are classed as continuing.

The accompanying notes form an integral part of these financial statements.

Consolidated Balance Sheet

At 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*17*	**12,569**	376
Goodwill	*18*	**36,810**	1,810
Available-for-sale financial assets	*20*	**1,199**	2,155
Interest in a jointly-controlled entity	*21*	**–**	–
Interest in an associate	*22*	**–**	–
		50,578	4,341
Current assets			
Amount due from customers for contract work	*23*	**36,791**	39,448
Accounts receivable	*24*	**131,765**	131,891
Prepayments, deposits and other receivables	*25*	**37,472**	42,922
Amount due from an associate	*26*	**2**	–
Cash and cash equivalents	*27*	**24,394**	15,562
		230,424	229,823
Total assets		**281,002**	234,164
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*33*	**15,338**	14,408
Reserves	*36*	**68,451**	79,324
		83,789	93,732
Minority interests		**34,116**	2,646
Total equity		**117,905**	96,378

Consolidated Balance Sheet

At 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
LIABILITIES			
Non-current liabilities			
Convertible notes	*34*	**1,358**	1,232
Deferred taxation	*32*	**31**	53
		1,389	1,285
Current liabilities			
Loan from shareholders	*31*	**51,763**	39,301
Accounts payable	*28*	**52,946**	54,599
Amount due to customers for contract work	*23*	**24,930**	22,162
Other payables and accruals	*29*	**31,937**	20,314
Tax payable		**132**	125
		161,708	136,501
Total liabilities		**163,097**	137,786
Total equity and liabilities		**281,002**	234,164
Net current assets		**68,716**	93,322
Total assets less current liabilities		**119,294**	97,663

Approved by the Board of Directors on 10 July 2009 and signed on its behalf by:

Hui Chi Yung
Director

Yiu Kai Yeuk, Raphael
Director

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Attributable to equity holders of the Company								
	Issued share capital HK$'000	**Share premium account** HK$'000	**Capital reserve** HK$'000 *(Note (a))*	**Available-for-sale financial assets fair value reserve** HK$'000	**Convertible notes reserve** HK$'000	**Exchange translation reserve** HK$'000	**Retained profits/ (Accumulated losses)** HK$'000	**Minority interests** HK$'000	**Total** HK$'000
At 1 April 2007	12,108	34,086	9,800	273	–	788	55,483	2,569	115,107
Exchange differences	–	–	–	–	–	1,053	–	–	1,053
Released upon disposals of available-for-sale financial assets	–	–	–	(27)	–	–	–	–	(27)
Fair value losses in respect of available-for-sale financial assets	–	–	–	(777)	–	–	–	–	(777)
Net (loss)/income recognised directly in equity	–	–	–	(804)	–	1,053	–	–	249
Loss for the year	–	–	–	–	–	–	(37,055)	77	(36,978)
Total expenses for the year	–	–	–	(804)	–	1,053	(37,055)	77	(36,729)
Equity components of convertible notes	–	–	–	–	4,393	–	–	–	4,393
Deferred tax arising from issue of convertible notes	–	–	–	–	(891)	–	–	–	(891)
Transaction costs attributable to issue of convertible notes	–	–	–	–	(197)	–	–	–	(197)
Conversion of convertible notes	2,300	15,617	–	–	(4,042)	–	–	–	13,875
Deferred tax released upon conversion of convertible notes	–	–	–	–	820	–	–	–	820
At 31 March 2008 and 1 April 2008	14,408	49,703	9,800	(531)	83	1,841	18,428	2,646	96,378
Exchange differences	–	–	–	–	–	1,653	–	–	1,653
Released upon disposals of available-for-sale financial assets	–	–	–	200	–	–	–	–	200
Fair value losses in respect of available-for-sale financial assets	–	–	–	(942)	–	–	–	–	(942)
Net (loss)/income recognised directly in equity	–	–	–	(742)	–	1,653	–	–	911
Loss for the year	–	–	–	–	–	–	(73,827)	(2,463)	(76,290)
Total expenses for the year	–	–	–	(742)	–	1,653	(73,827)	(2,463)	(75,379)
Arising upon acquisition of a subsidiary	–	–	–	–	–	–	–	33,933	33,933
Issue of shares	930	67,890	–	–	–	–	–	–	68,820
Issuing expenses	–	(5,847)	–	–	–	–	–	–	(5,847)
At 31 March 2009	**15,338**	**111,746**	**9,800**	**(1,273)**	**83**	**3,494**	**(55,399)**	**34,116**	**117,905**
Reserves retained by:									
Company and subsidiaries	15,338	111,746	9,800	(1,273)	83	3,494	(55,105)	34,116	118,199
Jointly-controlled entity	–	–	–	–	–	–	–	–	–
Associate	–	–	–	–	–	–	(294)	–	(294)
At 31 March 2009	**15,338**	**111,746**	**9,800**	**(1,273)**	**83**	**3,494**	**(55,399)**	**34,116**	**117,905**
Company and subsidiaries	14,408	49,703	9,800	(531)	83	1,841	18,722	2,646	96,672
Jointly-controlled entity	–	–	–	–	–	–	–	–	–
Associate	–	–	–	–	–	–	(294)	–	(294)
At 31 March 2008	14,408	49,703	9,800	(531)	83	1,841	18,428	2,646	96,378

Note:

(a) The capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group Reorganisation in 2004, over the nominal value of the Company's shares issued in exchange therefor.

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
Cash flows from operating activities		
Loss before taxation	**(76,312)**	(37,451)
Adjustments for:		
Finance costs	**3,641**	2,311
Interest income	**(445)**	(622)
Depreciation	**156**	115
Exchange difference	**1,583**	1,049
Gain on disposal of property, plant and equipment	**(414)**	(106)
Transfer from equity on disposal of available-for-sale financial assets	**213**	(310)
Dividend income on available-for-sale financial assets	**(35)**	(4)
Impairment loss recognised in respect of goodwill	**22,823**	–
Impairment loss recognised in respect of accounts receivable	**–**	16
Operating loss before working capital changes	**(48,790)**	(35,002)
Decrease in amount due from a jointly controlled entity	**–**	1,247
Decrease/(increase) in accounts receivable	**228**	(10,301)
Decrease/(increase) in prepayments, deposits and other receivables	**14,256**	(27,952)
Decrease/(increase) in amount due from customers for contract work	**3,761**	(1,343)
Increase in amount due from an associate	**(2)**	–
(Decrease)/increase in accounts payable	**(1,901)**	4,131
(Decrease)/increase in other payables and accruals	**(31,287)**	15,541
Increase in amount due to customers for contract work	**2,585**	11,632
Cash utilised in operations	**(61,150)**	(42,047)
Interest received	**445**	622
Hong Kong profits tax refunded	**–**	606
Net cash outflow from operating activities	**(60,705)**	(40,819)

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	**(2,186)**	(287)
Purchase of available-for-sale financial assets	**(93)**	(1,363)
Proceeds from disposals of available-for-sale financial assets	**94**	1,114
Proceeds from disposals of property, plant and equipment	**593**	270
Dividend received	**35**	4
Acquisition of a subsidiary	**(3,497)**	–
Decrease in pledged time deposits	**–**	5,100
Net cash (outflow)/inflow from investing activities	**(5,054)**	4,838
Cash flows from financing activities		
Proceeds from issue of shares	**68,820**	–
Share issue expenses	**(5,847)**	–
Loan from shareholders	**11,618**	–
Proceeds from issue of convertible notes	**–**	19,104
Repayment of loan from shareholders	**–**	200
Net cash inflow from financing activities	**74,591**	19,304
Increase/ (decrease) in cash and cash equivalents	**8,832**	(16,677)
Cash and cash equivalents at the beginning of the year	**15,562**	32,239
Cash and cash equivalents at the end of the year	**24,394**	15,562
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**24,394**	15,562

The accompanying notes form an integral part of these financial statements.

Balance Sheet

At 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	19	**339,777**	264,722
Available-for-sale financial assets	20	**200**	319
		339,977	265,041
Current assets			
Prepayments, deposits and other receivables	25	**21**	302
Amount due from an associate	26	**2**	–
Cash and bank balances		**4,754**	224
		4,777	526
Total assets		**344,754**	265,567
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	33	**15,338**	14,408
Reserves	36	**220,447**	145,862
Total equity		**235,785**	160,270
LIABILITIES			
Non-current liabilities			
Convertible notes	34	**1,358**	1,232
Deferred taxation	32	**14**	36
		1,372	1,268
Current liabilities			
Other payables and accruals	29	**17,983**	11,791
Loan from shareholders	31	**51,763**	39,301
Amounts due to subsidiaries		**37,851**	52,197
Financial guarantee contracts		**–**	740
		107,597	104,029
Total liabilities		**108,969**	105,297
Total equity and liabilities		**344,754**	265,567
Net current liabilities		**(102,820)**	(103,503)
Total assets less current liabilities		**237,157**	161,538

Approved by the Board of Directors on 10 July 2009 and signed on its behalf by:

Hui Chi Yung
Director

Yiu Kai Yeuk, Raphael
Director

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2009

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 August 2002 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at 13th Floor, OTB Building, 259 – 265 Des Voeux Road Central, Hong Kong.

The Group was principally involved in building constructions, renovation and related services, and provide the advertising media services.

In the opinion of directors, the Company's ultimate holding company is Rich Place Investment Limited ("Rich Place"), which is incorporated in the British Virgin Islands (the "BVI") with limited liability.

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

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued certain new standards, amendments and interpretations to existing standards that are mandatory for accounting periods beginning on or after 1 April 2008. A summary of the effect on initial adoption of these new and revised HKFRSs is set out below.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit On a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

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

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged items[4]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2009
4 Effective for annual periods beginning on or after 1 July 2009
5 Effective for annual periods ending on or after 30 June 2009
6 Effective for annual periods beginning on or after 1 July 2008
7 Effective for annual periods beginning on or after 1 October 2008
8 Effective for transfers on or after 1 July 2009

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believe to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 6 to the financial statements.

Basis of preparation

The measurement basis used in the preparation of the financial statements is historical cost basis except for financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the outcome of the arbitrations and recoverability of accounts receivable, the other receivable as stated below in Note 25 to the financial statements and the successful outcome of the Group's measures to satisfy its working capital needs and improve the liquidity position. The financial statements do not include any adjustments that would result from the Group fail to recover the accounts receivable and other receivable. If the accounts receivable and other receivable were not to be recovered or there was a failure as to the successful outcome of the working capital and liquidity position of the Group, adjustments would have to be made to the financial statements to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

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

Basis of preparation *(Continued)*

Included in the consolidated balance sheet as at 31 March 2009 is an account receivable of approximately HK$120,459,000 (2008: HK$120,459,000) (the "Receivable Under Dispute"), recorded based on architect's certificates, currently withheld by a major customer of the Group with respect to disputes on claims arising from liquidated damages and alleged environmental related damages in relation to main contract work for a residential development project carried out in Kowloon Tong, Hong Kong, and the claim made by the Group on extension of time (the "EOT Claim") entitlement by the Group. The Receivable Under Dispute were certified by the architects of the residential development project.

As at the date of approval of these financial statements, the Group has initiated arbitration proceedings to recover the outstanding amount due and negotiations with the customer are still in progress. Despite that the full amount of the accounts receivable balance is being withheld by the major customer, a counter claim was made by the major customer against the Group in relation to claims arising from liquidated damages and alleged environmental related damages in relation to main contract works in a residential development project carried out in Hong Kong in the amount of approximately HK$122,480,000. In the opinion of the directors, based on legal advice, the major customer does not have sufficient grounds to their entitlement of the EOT Claim, and as a result, the resultant liquidated damages, if any, would not be significant to the Group's financial statements. The directors also considered that the Group has valid grounds to defend against the alleged environmental related damages claimed by the major customer and that the final amount being claimed, if any, would not have a material impact to the Group's financial position.

Based on the foregoing, the directors of the Company are currently unable to determine the reasonable certainty of the outcome of the arbitration. The directors are also unable to determine the time required to recover the Receivable Under Dispute and whether a provision, if any, is required against such receivable at this stage.

As a result of the withholding of settlement of accounts receivable by the customer, the working capital of the Group has been affected. In order to maintain the working capital of the Group, two major shareholders of the Company provided continual financial support to the Group in the form of shareholders' loan, of which approximately HK$51,763,000 of the loan had been made to the Group as at 31 March 2009 (2008: HK$39,301,000).

In the opinion of the directors, in light of the continual financial support from the major shareholders, the Group would have sufficient financial resources to satisfy its working capital needs for the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

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

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

Basis of consolidation *(Continued)*

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

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

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

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

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

Inter-company transactions, balances and unrealised gains 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.

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

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

Joint venture company

A joint venture company is a company set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture company is treated as:

(i) a subsidiary, if the Company has unilateral control, directly or indirectly, over the joint venture company;

(ii) a jointly-controlled entity, if the Company does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;

(iii) an associate, if the Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or

(iv) a long term investment, if the Company holds, directly or indirectly, less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

Jointly controlled entity

A jointly controlled entity is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Investments in jointly controlled entities are accounted for by the equity method of accounting. The consolidated income statement includes the Group's share of the results of jointly controlled entities for the year, and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entities and goodwill (net of any accumulated impairment loss) on acquisition.

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

Associated companies

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in 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.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest 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.

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*

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

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets is included in the fair value reserve in equity.

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

Foreign currency translation *(Continued)*

(iii) Group companies

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

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of that foreign entity and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

Goodwill

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

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

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

Property, plant and equipment

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

Depreciation is calculated on the straight-line basis to write-off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follow:

Leasehold improvements	Over the terms of lease or 3 years, whichever is shorter
Machinery	20%
Motor Vehicles	20%
Furniture, fixtures and office equipment	20%
Tools and equipment	20%

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

Impairment of assets (other than goodwill, intangible assets with indefinite lives)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as revaluation decrease under that standard.

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

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

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

Construction contracts *(Continued)*

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the percentage of certified value of work performed to the contract sum for each contract.

Revenue from cost plus construction contracts is recognised on the percentage of completion method, by reference to the recoverable costs incurred during the period plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for contract work.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to customers for contract work.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision 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 provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Borrowings

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

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

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

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Employee benefits

(i) Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of services to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance (the "Employment Ordinance") in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance. Long service payments are recognised when they accrue to employees. A provision is made for the estimated liability for the long service payments as a result of services rendered by employees up to the balance sheet date.

(ii) Retirement benefits schemes

The Group operates defined contribution retirement benefits schemes in Hong Kong, including a Mandatory Provident Fund Scheme (the "MPF Scheme"), for those employees who are eligible and have elected to participate in the schemes. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to the consolidated profit and loss account as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. When an employee leaves the schemes, with the exception of the MPF Scheme, prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of any forfeited contributions. In respect of the MPF Scheme, the Group's employer contributions vest fully with the employees when contributed into the scheme.

The Group also operates a Mandatory Provident Fund Exempted ORSO retirement benefits scheme for those employees who are eligible to participate in the scheme. This scheme operates in a way similar to the MPF Scheme, except that when an employee leaves the scheme prior to his/her interest in the Group's employee contributions vesting fully, the ongoing contributions payable by the Group was reduced by the relevant amount of forfeited employer's contributions.

The employees of the Group's subsidiary which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. The subsidiary is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the consolidated profit and loss account as they become payable in accordance with the rules of the central pension scheme.

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

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably on the following bases:

(i) from construction contracts, based on the percentage of completion basis as further explained in above;

(ii) work orders from contracts for alterations, additions, repairs and maintenance, based on the value of individual work order certified by relevant employers;

(iii) management fee income and tender services income, when the services are rendered;

(iv) rental income, on a time proportion basis over the lease terms;

(v) advertising income, on a straight-line basis over the period during the advertisement is displayed;

(vi) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and

(vii) dividend income, when the shareholders' right to receive payment has been established.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the capital and reserves section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's and its subsidiaries' memorandums and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

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

Financial instruments

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

(i) Financial assets

The financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

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

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated as at fair value through profit or loss on initial recognition. A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

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

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

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

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

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

Financial instruments *(Continued)*

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, loan receivables, other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iv) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed on initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's 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 asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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

Financial instruments *(Continued)*

(v) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in profit or loss in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss. For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

(vi) Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

(vii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

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

Financial instruments *(Continued)*

(viii) Other financial liabilities

Other financial liabilities (including other borrowings, trade payables and other payables) are subsequently measured at amortised cost, using the effective interest method.

(ix) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designed as at fair value through profit or loss is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

(x) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

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

Convertible notes

Convertible notes issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible notes reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve until the conversion option is exercised (in which case the balance stated in convertible notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes equity reserve will be released to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

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

Convertible notes *(Continued)*

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible notes using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Leases

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. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

Related party

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

4. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	The Group	
	2009	2008
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**193,633**	190,375
Available-for-sale financial assets	**1,199**	2,155
Financial liabilities		
Amortised cost	**138,004**	115,446

(b) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, cash flow and fair value interest rate risks and price risk), credit risk and liquidity 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.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no major hedging activities are undertaken by management.

Market risk

(i) Foreign currency risk management

The Group operated internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollar ("HKD"), Canadian dollar ("CAD") and Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

4. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Market risk (Continued)

(i) Foreign currency risk management (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are as follows:–

	Liabilities		Assets	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**7,413**	6,435	**39,229**	17,325
CAD	**6,067**	–	**4,307**	–

Sensitivity analysis on foreign exchange risk management

The Group is mainly exposed to the effects of fluctuation in RMB and CAD.

The following table details the Group's sensitivity to a 5% increase and decrease in Hong Kong dollars against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A negative number below indicates a decrease in profit where the Hong Kong dollars strengthen 5% against the relevant currency. For a 5% weakening of the Hong Kong dollars against the relevant currency, there would be an equal and opposite impact on the profit, and the balance below would be positive.

	2009	2008
	HK$'000	HK$'000
Impact of RMB		
Profit or (loss) *(Note i)*	**(1,591)**	(545)
Impact of CAD		
Profit or (loss) *(Note ii)*	**88**	–

Notes:

(i) This is mainly attributable to the exposure outstanding on receivables, cash and bank balances and payables denominated in RMB not subject to cash flow hedge at year end.

(ii) This is mainly attributable to the exposure outstanding on bank balances and loan from shareholders denominated in CAD not subject to cash flow hedge at year end.

4. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Market risk (Continued)

(ii) Interest rate risk management

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for loan from shareholders and amount due to a related party, details of which have been disclosed in Notes 31 and 29. Management considers that cash flow and fair value interest rate risks of the Group are insignificant and therefore no sensitivity analysis is presented thereon.

(iii) Other price risks

The Group is exposed to equity price risk through its investment in listed equity securities listed in Hong Kong.

The Group's equity price risk is mainly concentrated on listed equity securities operating in consumer credit finance services and related business quoted in The Stock Exchange of Hong Kong Limited. The management will monitor the price movements and take appropriate actions when it is required.

Sensitivity analysis on price risks management

The sensitivity analyses below have been determined based on the exposure to equity price risk on listed equity securities at the reporting date.

If equity prices had been 5% higher/lower, other equity reserves would increase/decrease by approximately HK$60,000 (2008: increase/decrease by approximately HK$40,000) as a result of the changes in fair value of available-for-sale financial assets.

The Group's sensitivity to equity prices has not changed significantly from prior year.

4. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Credit risk

As at 31 March 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge their obligations by the counterparties and financial guarantees provided by the Group is arising from (i) the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet; and (ii) the amount of contingent liabilities in relation to the financial guarantees provided by the Group.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group has set the policies in place to ensure that transactions are made to customers with an appropriate credit history. In addition, the Group reviews the recoverable amount of each individual trade debt and debt investments at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. For construction transaction, back-to-back arrangements are made with the sub-contractors where applicable to minimise the credit risk. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In order to minimise the credit risk of the Company on the amounts due from subsidiaries, the management of the Company closely monitored the recoverability of the amounts due. In this regard, the directors of the Company consider that the Company's credit risk on it is significantly reduced.

The Group and Company's bank balances and cash are deposited with banks in Hong Kong and the PRC. The credit risk on liquid funds is limited because the counterparties are banks with good credit-rating.

Other than concentration of credit risk on liquid funds, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Liquidity risk

The Group has laid down an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity management requirements, which is reviewed regularly by the Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and maintains a conservative level of long-term funding to finance its short-term financial assets.

4. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the contractual maturities of the undiscounted financial liabilities including interest that will accrue to those liabilities except where the Group are entitled and intends to repay the liability before its maturity.

At 31 March 2009

	Weighted average effective interest rate %	Within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Accounts payables	–	52,946	–	–	52,946	52,946
Loan from shareholders	4.85	51,763	–	–	51,763	51,763
Other payables and accruals	7.00	31,937	–	–	31,937	31,937
Convertible notes	10.29	–	1,600	–	1,600	1,358
		136,646	1,600	–	138,246	138,004

At 31 March 2008

	Weighted average effective interest rate %	Within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Accounts payables	–	54,599	–	–	54,599	54,599
Loan from shareholders	5.16	39,301	–	–	39,301	39,301
Other payables and accruals	7.00	20,314	–	–	20,314	20,314
Convertible notes	10.29	–	1,600	–	1,600	1,232
		114,214	1,600	–	115,814	115,446

4. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Fair value estimation

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

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

(ii) the fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

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

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt (which mainly includes loan from shareholders and amount due to a related party), cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves. The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and issuance of new shares as well as the addition of new borrowings.

Gearing ratio

The gearing ratios at 31 March 2009 and 31 March 2008 were as follows:

	2009 **HK$'000**	2008 HK$000
Debt *(note (a))*	**70,453**	50,769
Asset *(note (b))*	**281,002**	234,164
Gearing ratio	**25.07%**	21.68%

Notes:

(a) Debt comprises amount due to a related party, loan from shareholders, deferred tax liabilities and convertible notes as detailed in Notes 29, 31, 32 and 34 respectively.

(b) Asset includes all current and non-current assets of the Group.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

(a) Income taxes

The Group is subject to income taxes in Hong Kong and the People's Republic of China (the "PRC"). Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Impairment of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value in use calculations which require the use of assumptions and estimates.

(c) Fair value estimation

The carrying amounts of the Group's financial assets, including cash and bank balances, trade and other receivables and financial liabilities, including trade and other payables and, approximate their fair values due to their short maturities. The face values less any credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

For derivative financial instruments, such as available-for-sale financial assets, assumptions are made based on quoted market prices adjusted for specific features of the instrument. The carrying amounts of these derivatives financial assets are HK$1,199,000 (2008: HK$2,155,000).

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(d) Impairment of trade receivables

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of trade debtor balances are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the trade receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the income statement. Changes in the collectability of trade receivables for which provisions are not made could affect our results of operations.

(e) Estimated impairment for goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

As at 31 March 2009, the carrying amount of goodwill was approximately HK$36,810,000 (2008: HK$1,810,000). Details of the impairment loss calculation are disclosed in Note 18.

7. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Details of the business segments are as follows:

(a) the building construction segment engages in construction and foundation contract works as a main contractor or subcontractor for building construction in the private and public sectors;

(b) the renovation, repairs and maintenance segment engages in site formation, civil engineering works, repairs, maintenance, renovation and fitting out works in the private and public sectors;

(c) the advertising segment engages in advertising services together with the provision of rail transit value-added services through LCD displays located at the ticketing offices of each station in the PRC; and

(d) the corporate and others segment comprises the Group's corporate income and expenses items.

7. SEGMENT INFORMATION *(Continued)*

Business Segments

The following table presents revenue and loss, assets and liabilities for the Group's business segments.

	Building construction		Renovation, repairs and maintenance		Advertising		Corporate and others		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:										
Contract revenue from external customers	**23,278**	16,508	**84,410**	46,689	**350**	–	**–**	–	**108,038**	63,197
Other revenue and other income	**–**	1	**–**	340	**–**	–	**–**	–	**–**	341
Total	**23,278**	16,509	**84,410**	47,029	**350**	–	**–**	–	**108,038**	63,538
Segment results	**432**	369	**4,564**	2,809	**(28,780)**	–	**(50,159)**	(39,744)	**(73,943)**	(36,566)
Interest and unallocated gains									**1,272**	1,426
Loss from operating activities									**(72,671)**	(35,140)
Finance costs									**(3,641)**	(2,311)
Loss before taxation									**(76,312)**	(37,451)
Taxation									**22**	473
Loss for the year									**(76,290)**	(36,978)
Segment assets	**154,937**	157,390	**33,069**	31,845	**59,062**	–	**12,274**	27,213	**259,342**	216,448
Unallocated assets									**21,660**	17,716
Total assets									**281,002**	234,164
Segment liabilities	**54,087**	60,523	**29,024**	23,630	**4,245**	–	**5,155**	2,739	**92,511**	86,892
Unallocated liabilities									**70,586**	50,894
Total liabilities									**163,097**	137,786
Other segment information:										
Depreciation	**1**	7	**47**	54	**1,280**	–	**49**	61	**1,377**	122
Capital expenditure	**–**	–	**–**	–	**2,180**	–	**6**	287	**2,186**	287
Impairment loss on accounts receivable	**–**	–	**–**	16	**–**	–	**–**	–	**–**	16
Impairment loss on goodwill	**–**	–	**–**	–	**22,823**	–	**–**	–	**22,823**	–

7. SEGMENT INFORMATION *(Continued)*

Geographical Segments

	Hong Kong		The People's Republic of China ("PRC")		Total	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Segment revenue	**86,262**	34,330	**21,776**	28,867	**108,038**	63,197
Total segment assets	**254,233**	216,167	**26,769**	17,997	**281,002**	234,164
Capital expenditure	**6**	164	**2,180**	123	**2,186**	287

8. TURNOVER AND OTHER REVENUE

Turnover represents the appropriate proportion of contract revenue of construction contracts, renovation, repairs and maintenance and advertising income.

An analysis of turnover and other revenue is as follows:

	2009 HK$'000	2008 HK$'000
Turnover:		
Contract revenue	**107,688**	63,197
Advertising income	**350**	–
	108,038	63,197
Other revenue:		
Bank interest income	**319**	504
Other interest income	**126**	118
Refund of provident fund unvested benefit	**–**	61
Rental income	**–**	40
Bad debt recovered	**–**	300
Sundry income	**364**	324
	809	1,347

9. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/(crediting):

	2009 HK$'000	2008 HK$'000
Auditors' remuneration	**580**	580
Depreciation	**1,377**	122
Amounts classified as costs	**(1,221)**	(7)
	156	115
Impairment loss recognised in respect of accounts receivable	**–**	16
Impairment loss recognised in respect of goodwill	**22,823**	–
Staff costs (excluding directors' remuneration) *(Note 11)*		
– wages and salaries	**17,585**	10,082
– pension scheme contributions*	**414**	256
	17,999	10,338
Less: Amount of staff costs classified as costs	**(10,630)**	(2,841)
	7,369	7,497
Minimum lease payments under operating leases:		
– Land and buildings	**1,540**	1,307
Legal and professional fees	**32,986**	21,128
Transfer from equity on disposals of available-for-sale financial assets	**213**	–
and after crediting:		
Other income:		
Dividend income	**35**	4
Gain on disposals of property, plant and equipment	**414**	106
Transfer from equity on disposals of available-for-sale financial assets	**–**	310
Gain on disposals of subsidiaries	**14**	–
	463	420

* As at 31 March 2009, the Group had no material forfeited contributions available to offset future pension scheme contributions to the scheme (2008: Nil).

10. FINANCE COSTS

	The Group	
	2009	2008
	HK$'000	HK$'000
Bank interest	**2**	–
Interest on shareholders' loans	**2,395**	1,929
Interest on amount due to a related party	**1,118**	183
Imputed interest on convertible notes	**126**	199
	3,641	2,311

11. DIRECTORS' REMUNERATION

The remuneration of every director for the year ended 31 March 2009 and 2008, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Fees		Salaries and other benefits		Performance related incentive payments		Retirement benefits scheme contributions		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Executive Directors										
Mr. Hui Chi Yung	**–**	–	**895**	895	**–**	–	**12**	12	**907**	907
Mr. Hui Kau Mo	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Mr. Yiu Kai Yeuk, Raphael	**–**	–	**1,817**	1,817	**–**	–	**12**	12	**1,829**	1,829
	–	–	**2,712**	2,712	**–**	–	**24**	24	**2,736**	2,736
Independent Non-Executive Directors										
Dr. Hu Chung Kuen, David	**20**	20	**–**	–	**–**	–	**–**	–	**20**	20
Mr. Liu Kwong Sang	**20**	20	**–**	–	**–**	–	**–**	–	**20**	20
Mr. Sit Hing Wah	**20**	20	**–**	–	**–**	–	**–**	–	**20**	20
	60	60	**–**	–	**–**	–	**–**	–	**60**	60
	60	60	**2,712**	2,712	**–**	–	**24**	24	**2,796**	2,796

11. DIRECTORS' REMUNERATION *(Continued)*

The number of directors whose remuneration fell within the following bands is as follows:

	Number of directors	
	2009	2008
Nil – HK$1,000,000	**5**	5
HK$1,500,001– HK$2,000,000	**1**	1
	6	6

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2008: Nil).

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2008: two) directors. Details of whose remuneration are set out in Note 11 to the financial statements. The details of the remuneration of the remaining three (2008: three) non-director, highest paid employees are as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,765**	1,592
Pension scheme contributions	**34**	36
	1,799	1,628

The number of non-director, highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2009	2008
Nil – HK$1,000,000	**3**	3

13. TAXATION

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong during for year ended 31 March 2009 (2008: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2009	2008
	HK$'000	HK$'000
Current taxation:		
Provision for taxation – PRC	**–**	105
Over-provision in prior years – Hong Kong	**–**	(542)
	–	(437)
Deferred taxation:		
Reversal during the year *(Note 32)*	**(22)**	(36)
	(22)	(473)

A reconciliation of the tax expense applicable to loss before tax using the statutory rates for the countries in which the Company and its subsidiaries, jointly-controlled entity and associate are domiciled to the tax expense at the effective tax rates, and a reconciliation of tax at the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

The Group

	2009					
	Hong Kong		**PRC**		**Total**	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Loss before taxation	**(71,160)**		**(5,152)**		**(76,312)**	
Tax at applicable tax rate	**(11,741)**	**(16.5)**	**(1,288)**	**(25.0)**	**(13,029)**	**(17.1)**
Expenses not deductible for tax purposes	**3,897**	**5.5**	**1,019**	**19.8**	**4,916**	**6.5**
Non-taxable income	**(2,773)**	**(3.9)**	**(990)**	**(19.2)**	**(3,763)**	**(4.9)**
Tax losses not recognised	**10,588**	**14.9**	**1,259**	**24.4**	**11,847**	**15.5**
Tax effect of reversal of temporary differences previously recognised	**7**	**–**	**–**	**–**	**7**	**–**
Tax charge at the Group's effective rate	**(22)**	**–**	**–**	**–**	**(22)**	**–**

13. TAXATION *(Continued)*

The Group *(Continued)*

	2008					
	Hong Kong		PRC		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Loss before taxation	(37,735)		284		(37,451)	
Tax at applicable tax rate	(6,603)	(17.5)	71	25.0	(6,532)	(17.4)
Expenses not deductible for tax purposes	2,278	6.0	24	8.5	2,302	6.1
Non-taxable income	(1,979)	(5.3)	(240)	(84.5)	(2,219)	(5.9)
Tax losses not recognised	6,389	16.9	121	42.6	6,510	17.3
Over provision in previous year	(542)	(1.4)	–	–	(542)	(1.4)
Tax effect of changes in tax rate	–	–	23	8.1	23	0.1
Tax effect of reversal of temporary differences previously recognised	(16)	–	1	0.3	(15)	–
Tax charge at the Group's effective rate	(473)	(1.3)	–	–	(473)	(1.2)

14. NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders for the year ended 31 March 2009 dealt with in the financial statements of the Company is HK$12,662,000 (2008: net loss of (HK$12,202,000)) (Note 36(b)).

15. DIVIDENDS

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

16. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to equity holders of the Company of approximately HK$73,827,000 (2008: HK$37,055,000) and the weighted average number of ordinary shares in issue during the year of 1,518,287,534 (2008: 1,257,230,685).

Diluted loss per share for the years ended 31 March 2009 and 2008 were the same as the basic loss per share. The Group's outstanding convertible notes were not included in the calculation of diluted loss per share because the effect of the Group's outstanding convertible notes was anti-dilutive.

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements HK$'000	Machinery HK$'000	Motor vehicles HK$'000	Furniture, fixture and office equipment HK$'000	Tools and equipment HK$'000	Total HK$'000
Cost or valuation:						
At 1 April 2007	87	4,219	889	1,788	247	7,230
Additions	–	–	249	38	–	287
Disposals	–	–	(649)	(84)	–	(733)
Exchange difference	–	1	12	20	–	33
At 31 March 2008 and 1 April 2008	87	4,220	501	1,762	247	6,817
Acquisition of a subsidiary	–	11,127	38	398	–	11,563
Additions	343	1,245	171	427	–	2,186
Disposals	–	(2,426)	(284)	(100)	(8)	(2,818)
Exchange difference	–	(2)	2	2	–	2
At 31 March 2009	430	14,164	428	2,489	239	17,750
Analysis of cost or valuation:						
At cost	430	14,164	428	2,489	239	17,750
At valuation	–	–	–	–	–	–
At 31 March 2009	430	14,164	428	2,489	239	17,750
Accumulated depreciation:						
At 1 April 2007	87	4,216	713	1,616	241	6,873
Provided during the year	–	2	51	63	6	122
Written back on disposal	–	–	(494)	(75)	–	(569)
Exchange difference	–	–	5	10	–	15
At 31 March 2008 and 1 April 2008	87	4,218	275	1,614	247	6,441
Provided during the year	–	1,221	55	101	–	1,377
Written back on disposal	–	(2,359)	(247)	(25)	(8)	(2,639)
Exchange difference	–	–	–	2	–	2
At 31 March 2009	87	3,080	83	1,692	239	5,181
Net book value:						
At 31 March 2009	**343**	**11,084**	**345**	**797**	**–**	**12,569**
At 31 March 2008	–	2	226	148	–	376

18. GOODWILL

The amounts of the goodwill arising from the acquisition of subsidiaries are as follows:

	The Group HK$'000
Cost:	
At 1 April 2007, 31 March 2008 and 1 April 2008	1,810
Addition during the year	57,823
At 31 March 2009	59,633
Impairment:	
At 1 April 2007, 31 March 2008 and 1 April 2008	–
Impairment loss recognised	22,823
At 31 March 2009	22,823
Net book value:	
At 31 March 2009	**36,810**
At 31 March 2008	1,810

Particulars regarding impairment testing on goodwill are disclosed below:

As explained in Note 7, the Group uses business segments as its primary segment for reporting segment information. For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGU"). The carrying amount of goodwill (net of accumulated impairment losses) as at 31 March 2009 and 2008 is allocated as follows:–

	2009 **HK$'000**	2008 HK$'000
Renovation work	**1,810**	1,810
Advertising	**35,000**	–
	36,810	1,810

Renovation work

The recoverable amount of CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 10.66% per annum. Cash flows beyond that five-year period have been extrapolated using a steady 2% per annum growth rate. This growth rate does not exceed the long-term average growth rate for the market to which the renovation work operation is dedicated.

The key assumptions used in the value in use calculations are as follows:

Budgeted market share and sales – average market share and sales in the period immediately before the budget period is expected to be unchanged over the budget period. The values assigned to the assumptions reflect past experience, except for the growth factor, which is consistent with management plans for focusing operations in the industry. Management believes that the planned market share growth and budgeted sales over the budget period is reasonably achievable.

18. GOODWILL *(Continued)*

Renovation work *(Continued)*

Budgeted gross margins – the basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements.

Advertising

The recoverable amount of CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 16.58% per annum. Cash flows beyond that five-year period have been extrapolated using a steady 2% per annum growth rate. This growth rate does not exceed the long-term average growth rate for the market in which the advertising operation is dedicated.

The key assumptions used in the value in use calculations are as follows:

Budgeted market share and sales – average market share and sales in the period immediately before the budget period is expected to be unchanged over the budget period. The values assigned to the assumptions reflect past experience, except for the growth factor, which is consistent with management plans for focusing operations in the industry. Management believes that the planned market share growth and budgeted sales over the budget period is reasonably achievable.

Budgeted gross margins – the basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements.

19. INTERESTS IN SUBSIDIARIES

	The Company	
	2009	2008
	HK$'000	HK$'000
Unlisted investments, at cost	**107,848**	107,848
Less: Impairment loss recognised *(note iii)*	**(11,000)**	(11,000)
	96,848	96,848
Amounts due from subsidiaries	**242,929**	167,134
	339,777	263,982
Financial guarantee granted to subsidiaries	**–**	740
	339,777	264,722

Notes:

(i) Amounts due from Wing Hong Construction Limited and Wing Hong Interiors Contracting Limited are unsecured, bear interest at prime rate plus 3% per annum and have no fixed terms of repayment.

(ii) Amounts due from subsidiaries, other than the two subsidiaries stated above, are unsecured, interest-free and have no fixed terms of repayment.

(iii) The carrying amounts of cost of investments are reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated.

19. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued and fully paid-up share/ registered capital	Percentage of equity interests attributable to the Company		Principal activities
			Direct	*Indirect*	
Wing Hong Investment Limited	British Virgin Islands	US$1 Ordinary	100%	–	Investment holding
Shing Tak Construction Company Limited	Hong Kong	HK$10,000,000 Ordinary	–	100%	Investment holding
Wing Hong Contractors Limited	Hong Kong	HK$17,750,000 Ordinary	–	100%	Building construction and maintenance works
Wing Hong Construction Limited	Hong Kong	HK$10,000 Ordinary	–	100%	Building construction and renovation works
Wing Hong (China) Limited ("WH (China)")	Hong Kong	HK$100 Ordinary	–	100%	Investment holding
Shanghai Jinjiang Wing Hong Contracting Co. Ltd.* ("Jinjiang Wing Hong")	PRC	RMB12,000,000	–	73%	Renovation works
Wing Hong Interior Contracting Limited	Hong Kong	HK$100 Ordinary	–	100%	Renovation works
Power Pond Limited	Hong Kong	HK$2 Ordinary	–	100%	Dormant
China Media Holdings Limited	Hong Kong	HK$1,000 Ordinary	–	100%	Investment holding
Wing Hong (Macau) Limited	Macau	MOP100,000	–	100%	Dormant
Top Asian Limited	British Virgin Islands	US$1 Ordinary	–	100%	Investment holding
Beijing Railsmedia Advertisement Co., Ltd	PRC	RMB19,645,908	–	55%	Advertising

19. INTERESTS IN SUBSIDIARIES *(Continued)*

Notes:

* Jinjiang Wing Hong is registered as a Sino-foreign joint venture under the PRC Law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed investments:				
– Equity securities listed in Hong Kong	**1,199**	2,155	**200**	319
Market value of listed securities	**1,199**	2,155	**200**	319

The fair values of listed equity securities are determined based on the quoted market bid prices available on the relevant exchanges.

21. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	The Group	
	2009	2008
	HK$'000	HK$'000
Unlisted shares, at cost	**–**	–
Share of net assets	**–**	–
	–	–
Amount due from a jointly-controlled entity	**–**	–
Less: Impairment loss recognised in respect of amount due from a jointly-controlled entity	**–**	–
	–	–

The amount due from a jointly-controlled entity was unsecured, interest-free and has no fixed terms of repayment.

21. INTEREST IN A JOINTLY-CONTROLLED ENTITY *(Continued)*

Particulars of the jointly-controlled entity are as follows:

Name	Business structure	Place of incorporation/ registration and operations	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
WH-SCG JV Limited ("WH-SCG")	Corporate	Hong Kong	50	50	50	Dormant

The above investment in a jointly-controlled entity is indirectly held by the Company.

The summarised financial information in respect of the Company's jointly-controlled entity is set out below:

	2009 HK$'000	2008 HK$'000
Total assets	**442**	582
Total liabilities	**(1,018)**	(1,015)
	(576)	(433)
Turnover	**–**	–
Net (loss)/profit for the year	**(142)**	1,769
(Loss)/profit attributable to the Group	**–**	–

22. INTEREST IN AN ASSOCIATE

	The Group	
	2009 HK$'000	2008 HK$'000
Share of net assets	**–**	–

Particulars of the associate are as follows:

Name	Business structure	Place of incorporation/ registration and operations	Percentage of ownership interest attributable to the Group	Principal activities
Beatrice Construction Limited	Corporate	Hong Kong	30.625%	Dormant

The above investment in an associate is indirectly held by the Company.

22. INTEREST IN AN ASSOCIATE *(Continued)*

The summarised financial information in respect of the Company's associate is set out below:

	2009 HK$'000	2008 HK$'000
Total assets	**731**	731
Total liabilities	**(907)**	(907)
	(176)	(176)
Group's share of net liabilities	**(54)**	(54)
Turnover	**–**	–
Loss for the year	**–**	(3)

23. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	The Group	
	2009 HK$'000	2008 HK$'000
Amount due from customers for contract work	**36,791**	39,448
Amount due to customers for contract work	**(24,930)**	(22,162)
	11,861	17,286
Contracts in progress at the balance sheet date:		
Contract costs incurred plus recognised profits less recognised losses to date	**3,447,086**	2,548,333
Less: Progress billings	**(3,435,225)**	(2,531,047)
	11,861	17,286

24. ACCOUNTS RECEIVABLE

	2009 **HK$'000**	2008 HK$'000
Within 30 days	**10,353**	5,983
31 – 90 days	**258**	2,776
91 – 180 days	**291**	1,708
Over 180 days	**120,887**	121,448
	131,789	131,915
Less: Impairment losses on accounts receivable	**(24)**	(24)
	131,765	131,891

Notes:

(a) The carrying amounts of accounts receivable is reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated.

(b) The movements in impairment losses on accounts receivable were as follows:

	2009 **HK$'000**	2008 HK$'000
At 1 April	**24**	8
Impairment losses recognised in respect of account receivables	**–**	16
At 31 March	**24**	24

(c) The aged analysis of the Group's account receivable balances which are past due but not impaired is presented as follows:

	2009 **HK$'000**	2008 HK$'000
61 – 90 days	**211**	2,776
91 – 180 days	**291**	1,708
Over 180 days	**120,887**	121,448
Total	**121,389**	125,932

24. ACCOUNTS RECEIVABLE *(Continued)*

Interim applications for progress payments for contract works are normally made on a monthly basis. The Group allows an average credit period of 60 days to its contract customers. For retention money receivables in respect of contract works, the due dates are usually not more than three months after the issue of statements of the final accounts of the contract works. As at 31 March 2009, no retentions held by customers for contract work were included in accounts receivables (2008: Nil).

Included in the Group's accounts receivables balance as at 31 March 2009 and 2008 were amounts of approximately HK$120,459,000 withheld by a major customer of the Group in respect of disputes between the Group and the customers. Further details of the receivables under dispute are disclosed in Note 3 to the financial statements.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**–**	–	**–**	294
Deposits and other receivables	**37,472**	42,922	**21**	8
	37,472	42,922	**21**	302

Included in the Group's deposits and other receivables as at 31 March 2009 is an amount of approximately HK$10.4 million, due from a subcontractor (the "Subcontractor") of the Group, representing the costs incurred on behalf of the Subcontractor in relation to a civil engineering works contract (the "Contract") granted by the Civil Engineering Department of the HKSAR Government to the Group. Due to the unsatisfactory performance of the Subcontractor, and pursuant to a supplemental agreement signed between the Group and the Subcontractor in December 2002, the Group had incurred additional costs to engage other subcontractors to rectify the defects, to complete the incomplete subcontracted works of the Subcontractor and to pay on behalf of the Subcontractor's material, labour and related expenses, in order to proceed and complete the subcontracted works. According to the aforesaid supplemental agreement, the Group is entitled to recover from the Subcontractor the aforesaid costs incurred. During the year ended 31 March 2005, the Subcontractor denied the amount payable to the Group and the Group has commenced arbitration proceedings against the Subcontractor to recover the amount due. After consultation with the Group's legal advisors, the directors consider that the Group has valid grounds to recover the amount due from the Subcontractor. However, it is uncertain at this stage as to the outcome of the arbitration and hence the recoverability of the receivable due from the Subcontractor and the time required in relation thereto.

26. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate is unsecured, interest-free and recoverable on demand.

27. CASH AND CASH EQUIVALENTS

As at 31 March 2009, cash and cash equivalents of the Group included currencies denominated in RMB amounted to approximately HK$12,774,000 (2008: HK$8,850,000) which is not freely convertible into other currencies.

28. ACCOUNTS PAYABLE

An aged analysis of the accounts payable as at the balance sheet date, is as follows:

	2009 **HK$'000**	2008 HK$'000
Within 30 days	**4,134**	4,058
31 – 90 days	**6**	198
91 – 180 days	**98**	43
Over 180 days	**48,708**	50,300
	52,946	54,599

As at 31 March 2009, no retentions payable are included in accounts payable under current liabilities (2008: Nil).

29. OTHER PAYABLES AND ACCRUALS

	The Group		**The Company**	
	2009 **HK$'000**	2008 HK$'000	**2009** **HK$'000**	2008 HK$'000
Other payables and accruals	**14,636**	10,131	**682**	1,608
Amount due to a related party *(Note)*	**17,301**	10,183	**17,301**	10,183
	31,937	20,314	**17,983**	11,791

Note:

The amount due to a related party amounting to a principal sum of HK$16,000,000 is granted by spouse of Mr. Hui Kau Mo. Mr. Hui Kau Mo is a director of the Company. The amount due is unsecured, bear interest at 7% per annum and repayable within one year.

30. BANKING FACILITIES

The Group did not obtain banking facilities as at 31 March 2009 and the Group's banking facilities (including performance bond facilities) as at 31 March 2008 were secured by the following:

(a) corporate guarantees executed by the Company up to the extent of HK$23,000,000; and

(b) corporate guarantees executed by certain of the Company's subsidiaries.

31. LOAN FROM SHAREHOLDERS

As at 31 March 2009, shareholders' loan amounting to approximately HK$47,765,000 (2008: HK$35,491,000) and HK$3,998,000 (2008: HK$3,810,000) were granted to the Group by Rich Place Investment Limited ("Rich Place") and Million Honest Limited ("Million Honest"), respectively.

On 29 July 2008, a principal loan amount of CAD1,000,000 was granted by Rich Place to the Group, which was unsecured, bear interest at 7% and repayable on 28 July 2009.

On 26 October 2008, the loans from Rich Place and Million Honest were expired and the new principal loan amounts of HK$36,151,000 and HK$3,881,000 were granted to the Group respectively. The amounts due were unsecured, bear interest at 7% and repayable on 25 October 2009 (2008: prime rate minus 2% per annum).

The entire issued share capital of Rich Place is held by RBTT Trust Corporation, a company established in Barbados, acting in its capacity as the trustee of The Wing Hong Trust. The Wing Hong Trust is a discretionary trust whose beneficiaries are the family members of Mr. Hui Kau Mo and include Mr. Hui Chi Yung, both are directors of the Company.

The entire issued share capital of Million Honest is held by Mr. Yiu Kai Yeuk, a director of the Company.

32. DEFERRED TAXATION

The movements in deferred tax liabilities during the year are as follows:

Deferred tax liabilities:

The Group

	Accelerated tax depreciation HK$'000	Convertible notes HK$'000	Total HK$'000
At 1 April 2007	18	–	18
Charge to equity for the year	–	891	891
Reversal upon conversion of convertible notes	–	(820)	(820)
Credit to consolidated income statement for the year	(1)	(35)	(36)
At 31 March 2008 and 1 April 2008	17	36	53
Credit to consolidated income statement for the year	–	(22)	(22)
At 31 March 2009	**17**	**14**	**31**

The Company

	Convertible notes HK$'000
At 1 April 2007	–
Charge to equity for the year	891
Reversal upon conversion of convertible notes	(820)
Credit to consolidated income statement for the year	(35)
At 31 March 2008 and 1 April 2008	36
Credit to consolidated income statement for the year	(22)
At 31 March 2009	**14**

The Group has tax losses arising in Hong Kong and PRC of approximately HK$89,970,000 (2008: HK$88,985,000). Tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Tax losses arising in PRC may be carried forward for a maximum for four years. Deferred tax assets had not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time, or it is not probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

33. SHARE CAPITAL

Changes in authorised capital and issued capital of the Company took place during the period from 1 April 2007 to 31 March 2009 are summarised as follows:

	Notes	Number of ordinary shares	Nominal value of ordinary shares HK$'000
Authorised (ordinary shares of HK$0.01 each):			
At 1 April 2007		2,000,000,000	20,000
Share consolidation	*(a)*	(1,800,000,000)	–
Increase in authorised share capital	*(b)*	800,000,000	80,000
Shares subdivision	*(c)*	9,000,000,000	–
At 31 March 2008, 1 April 2008 and 31 March 2009		**10,000,000,000**	**100,000**
Issued (ordinary shares of HK$0.01 each):			
At 1 April 2007		1,210,830,000	12,108
Share consolidation	*(a)*	(1,089,747,000)	–
Share subdivision	*(c)*	1,089,747,000	–
Conversion of convertible notes	*34*	230,000,000	2,300
At 31 March 2008		1,440,830,000	14,408
Issue of shares	*(d)*	93,000,000	930
At 31 March 2009		**1,533,830,000**	**15,338**

During the period from 1 April 2007 to 31 March 2009, the movements in the share capital of the Company were as follows:

(a) Pursuant to an ordinary resolution passed by the shareholders in the special general meeting held on 27 April 2007, every ten issued and unissued shares of the Company of $0.01 each were consolidated into one consolidated share of HK$0.1 each.

(b) Pursuant to the ordinary resolution passed by the shareholders in the special general meeting held on 19 September 2007, the authorised share capital of the Company increased from HK$20,000,000 divided into 200,000,000 shares of HK$0.1 each to HK$100,000,000 divided into 1,000,000,000 shares of HK$0.1 each.

(c) Pursuant to an ordinary resolution passed by the shareholders in the special general meeting held on 8 November 2007, every issued and unissued shares of the Company of $0.10 each were sub-divided into ten shares of HK$0.01 each.

33. SHARE CAPITAL *(Continued)*

(d) On 12 June 2009, 93,000,000 ordinary shares of HK0.01 each were issued at an issue price of HK$0.74 each for a total cash consideration of approximately 68,820,000 through a share placing.

Share options

Details of the Company's share option scheme are included in Note 35 to the financial statements.

34. CONVERTIBLE NOTES

On 7 December 2007, the Company has issued zero-coupon convertible notes ("Convertible Notes") with a principal amount of HK$20,000,000. Each note entitles the holder to convert to ordinary shares of the Company at a conversion price of HK$0.08 per share. The maturity date of the Convertible Notes is the day preceding the third anniversary of the date of the issue of the Notes.

The fair value of the liability component was estimated at the issue date of the Convertible Notes using an equivalent market interest market for a similar bond without a conversion option. The effective interest rate of the liability component is 10.29% per annum. The residual amount is assigned as the equity component, and included in the convertible notes reserves.

The Convertible Notes contain two components, liability and equity elements. The movement of the liability component of the convertible loan notes for the year is set out below:–

	HK$'000
Fair value of convertible notes on 7 December 2007	20,000
Equity component	(4,393)
Liability component at date of issue	15,607
Transaction costs	(699)
	14,908
Interest expenses	199
Converted into Company's shares	(13,875)
Liability component as at 31 March 2008 and 1 April 2008	1,232
Interest expenses	126
At 31 March 2009	**1,358**

During the year ended 31 March 2008, Convertible Note with an aggregate amount HK$18,400,000 was converted into the ordinary shares of the Company. Total number of ordinary shares converted was 230,000,000.

Interest expenses on the Convertible Notes are calculated using the effective interest method by applying the effective interest rate of 10.29% to the liability component.

35. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group. Eligible participants of the Scheme include the part-time or full-time employee, executive or officer of the Group (including the executive and non-executive directors of the Company), business consultants, agents, financial or legal advisers who the board of directors of the Company considers, in its sole discretion, will contribute or have contributed to the Group.

The Scheme became effective on 6 September 2004 and, unless otherwise cancelled or amended, will 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 as at 29 August 2008, the date the last Annual General Meeting was held. 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 as at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in 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 on the date of offer and with an aggregate value (based on the closing price of the Company's shares at the date of the offer) 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 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and, commences after a certain period and, ends on a date which is not later than 10 years from the date of grant.

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 grant of the share options; (ii) the average Stock Exchange closing price of the Company's share for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company.

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

As at the date of approval of these financial statements, the total number of shares available for issue under the Scheme is 153,383,000 shares representing 10% of the total issued share capital of the Company on that date.

No share option was granted, exercised, cancelled or lapsed under the Scheme during the year ended March 2009.

36. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein for the current and prior year are presented in the consolidated statement of changes in equity of the financial statements.

(b) The Company

	Share premium account HK$'000	Capital reserve HK$'000	Convertible notes reserve HK$'000	Available-for-sale financial assets fair value reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2007	34,086	107,648	–	53	519	142,306
Equity components of convertible notes	–	–	4,393	–	–	4,393
Deferred tax arising from issue of convertible notes	–	–	(891)	–	–	(891)
Transaction costs attributable to issue of convertible notes	–	–	(197)	–	–	(197)
Conversion of convertible notes	15,617	–	(4,042)	–	–	11,575
Deferred tax released upon conversion of convertible notes	–	–	820	–	–	820
Fair value gains in respect of available-for-sale financial assets	–	–	–	60	–	60
Released upon disposal of available-for-sale financial assets	–	–	–	(2)	–	(2)
Loss for the year	–	–	–	–	(12,202)	(12,202)
At 31 March 2008	49,703	107,648	83	111	(11,683)	145,862
Premium arising from issue of new shares	67,890	–	–	–	–	67,890
Transaction costs attributable to issue of shares	(5,847)	–	–	–	–	(5,847)
Fair value loss in respect of available–for-sale financial assets	–	–	–	(120)	–	(120)
Profit for the year	–	–	–	–	12,662	12,662
At 31 March 2009	**111,746**	**107,648**	**83**	**(9)**	**979**	**220,447**

36. RESERVES *(Continued)*

The capital reserve of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group Reorganisation in 2004, over the nominal value of the Company's shares issued in exchange therefore.

Under the Companies Law (2004 revision) of the Cayman Islands, the Company's share premium account and capital reserve may be distributed to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

37. ACQUSITION OF A SUBSIDIARY

On 6 November 2008, the Group has acquired 55% equity interest in Beijing Railsmedia Advertisment Co., Limited ("Beijing Railsmedia") at a consideration of HK$99,297,000. The amount of goodwill arising as a result of the acquisition was HK$57,823,000 in aggregate.

The net assets acquired in the transaction and the goodwill arising are as follows:

Net assets acquired:

	The carrying amount of the Acquiree's net assets before combination and at their fair values HK$'000
Property, plant and equipment	11,563
Accounts Receivables	155
Prepayments, deposits & other receivables	86,475
Cash and cash equivalents	18,418
Other payable and accruals	(41,204)
	75,407
55% equity interest in Beijing Railsmedia	41,474
Goodwill	57,823
	99,297
Total consideration satisfied by:	
Cash	99,297
Net cash outflow arising on acquisition:	
Total cash consideration	(99,297)
Cash consideration payable	77,382
Cash consideration paid	(21,915)
Bank balances and cash acquired	18,418
	(3,497)

37. ACQUSITION OF A SUBSIDIARY *(Continued)*

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire Beijing Railsmedia. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Beijing Railsmedia. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

During the year ended 31 March 2009, Beijing Railsmedia contributed loss of HK$3,276,000 to the Group's loss for the period between the date of acquisition and the balance sheet date respectively.

If the acquisition had been completed on 1 April 2008, total group revenue for the year ended would have been HK$108,220,000, and loss for the year would have been HK$81,801,000. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2008, nor is it intended to be a projection of future results.

38. DISPOSAL OF SUBSIDIARIES

On 9 July 2008, the Group has disposed the Group's equity interest in KCL Construction Limited (formerly known as Wing Hong Engineering and Construction Limited) at a consideration of approximately HK$10,000. The disposal of KCL Construction Limited was completed on 9 July 2008.

On 20 March 2009, the Group has disposed the Group's equity interest in Good Busy International Limited at a consideration of approximately HK$100. The disposal of Good Busy International Limited was completed on 20 March 2009.

During the year, W & D Joint Venture Limited was deregistered on 19 December 2008.

38. DISPOSAL OF SUBSIDIARIES *(Continued)*

Net liabilities disposed of:

	2009 HK$'000
Other receivables	21
Other payable and accruals	(25)
	(4)
Gain on disposal of subsidiaries	14
Total consideration	10
Satisfied by:	
Cash	10
Net cash inflow arising on disposal:	
Cash consideration	10
Bank balances and cash disposed of	–
	10

39. CONTINGENT LIABILITIES

(a) In the normal course of business, the Group is subject to claims of liquidated damages by relevant employers due to a delay in completion of certain phases of construction contracts. The Group has filed extension of time claims with the relevant employers and the directors, based on legal advice, consider that the Group has valid reasons for the extension of time claims. As at the date of approval of these financial statements, and save as disclosed in Note 3 to the financial statements, the directors are of the opinion that the amount of the ultimate liquidated damages, if any, cannot be ascertained, however, any resulting liability would unlikely materially affect the financial position of the Group.

39. CONTINGENT LIABILITIES *(Continued)*

(b) On 7 August 2002, a High Court action had commenced by a subcontractor against a subsidiary of the Group in respect of (i) a claim of subcontracting fees and material costs of approximately HK$31,300,000; and (ii) a compensation claim of approximately HK$191,200,000 for the improper termination of a subcontracting contract. On 13 September 2002, an agreement was reached between the subsidiary of the Group and the subcontractor that the High Court action was withdrawn and all the disputes between the parties relating to this action were referred to arbitration. In the statement of claim for the arbitration, the subcontractor revised the claim of subcontracting fees and material costs and compensation claim to approximately HK$42,600,000 and HK$84,400,000, respectively. On 9 July 2005, a writ of summons was issued and the proceedings were transferred to the Court of First Instance. The subcontractor further revised the claim of subcontracting fees and material costs and compensation claim to approximately HK$56,000,000 and HK$278,100,000 respectively.

As at the date of approval of these financial statements, no decision had been made in the arbitration and court proceedings. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences, against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

(c) On 13 September 2004, a subsidiary of the Group received a notice of arbitration from a nominated subcontractor in respect of a claim against the subsidiary of the Group in respect of subcontracting works performed in a residential development project in Kowloon Tong, Hong Kong. The amount of claim was approximately HK$26,000,000.

On 5 May 2005, the subsidiary of the Group and the nominated subcontractor agreed to enter into a moratorium period of six months to the arbitration. On 13 April 2006, the subsidiary of the Group and the nominated subcontractor further agreed to suspend the arbitration proceedings for three months subject to the rights to re-active the proceedings upon a three day written notice to the subsidiary of the Group. Since this date and up to the date of approval of these financial statements, the arbitration has been dormant and there has been no activity arisen by the parties.

In the opinion of the directors, based on legal advice, the claim was related to a payment being withheld in respect of subcontracting work delays and defects caused by the nominated subcontractor, and the resulting liabilities, if any, would not have probable material adverse impact on the Group's financial position.

(d) On 26 July 2005, a High Court action was commenced by a subcontracted party of a subcontractor of the Group (the "Subcontracted Party") against a subsidiary of the Group and the subcontractor, which is in liquidation, in respect of a claim of subcontracting fees and material costs of approximately HK$20,500,000 relating to a maintenance term contract. On 25 April 2006, the Subcontracted Party substantially revised its statement of claim and the total amount of claim was revised to approximately HK$14,241,000.

In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

39. CONTINGENT LIABILITIES *(Continued)*

(e) On 7 December 2006, a subsidiary of the Group received a notice of arbitration from a subcontractor in respect of a claim against the subsidiary of the Group in respect of subcontracting works performed in a residential development project in Kowloon Tong, Hong Kong. The amount of claim was approximately HK$5,629,000. On 24 February 2007, the subsidiary of the Group sought to counterclaim against the subcontractor of approximately HK$8,062,000.

As at the date of approval of these financial statements, no decision had been made in the arbitration. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

(f) On 28 March 2007, a subsidiary of the Group received a notice of arbitration from a nominated subcontractor in respect of a claim against the subsidiary of the Group in respect of subcontracting works performed in a residential development project in Kowloon Tong, Hong Kong. The amount of claim was approximately HK$3,253,000. On 29 June 2007, the subsidiary of the Group sought to counterclaim against the subcontractor of approximately HK$232,000 together with an order for indemnity for a sum amounting to approximately HK$4,389,000.

As at the date of approval of these financial statements, no decision had been made in the arbitration. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences, against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

(g) On 12 March 2009, a subsidiary of the Group received a writ of summons from a subcontractor in respect of a claim against the subsidiary of the Group in respect of a claim of a construction project performed at Beacon Hill Road, Kowloon ("Beacon Hill Project") and Proposed Church Development at 118 Gloucester Road, Wanchai ("Church Project"). The amounts of claims were approximately HK$3,358,000 and HK$100,000 respectively.

As at the date of approval of these financial statements, no decision had been made in the arbitration. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences, against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

(h) On 12 March 2009, a subsidiary of the Group received a writ of summons from a subcontractor in respect of claims against the subsidiary of the Group in respect of claims of a construction project performed at Shatin Area 31A, Hin Keng Street, Shatin ("Hin Keng Project"). The amounts of claims were approximately HK$658,000.

As at the date of approval of these financial statements, no decision had been made in the arbitration. In the opinion of the directors, based on legal advice, the subsidiary of the Group has valid defences, against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claims was made in the financial statements.

Saved as disclosed above and elsewhere in the financial statements, as at 31 March 2009, the Group and the Company had no other material contingent liabilities.

40. COMMITMENTS

(a) Operating lease commitments

The Group leases a warehouse and office premises under operating lease arrangements, with leases negotiated for terms ranging from one to two years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**1,562**	974
In the second to fifth years, inclusive	**604**	898
	2,166	1,872

(b) Capital commitments

	The Group	
	2009	2008
	HK$'000	HK$'000
Commitments for the acquisition of a Company	**121,381**	295,000

41. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

(a) Key management personnel

Remuneration for key personnel management, including amount paid to the Company's directors and certain of the highest paid employee, as disclosed in Notes 11 and 12, is as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**4,535**	4,364

(b) Transactions carried out with related parties

		The Group	
		2009	2008
	Notes	**HK$'000**	HK$'000
Management fees received from WH-SCG, a jointly-controlled entity	*(i)*	**–**	200
Renovation fees received from Shanghai Jinjiang International Industry Development Co. Ltd ("Jinjiang") and its subsidiaries and associates	*(ii)*	**2,838**	955
Operating leases receivable from Maximizer Asia (Shanghai) Ltd	*(iii)*	**40**	38
Rental expense paid to Shellin Investment Ltd	*(iv)*	**–**	120
Renovation fees received from Shellin Investment Ltd	*(iv)*	**78**	43
Advertising expenses paid to Speedy Well Limited	*(v)*	**60**	–

In the opinion of the directors, the above transactions arose in the ordinary course of business of the Group.

41. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) As at 31 March 2009, shareholders' loans amounting to approximately HK$47,765,000 and HK$3,998,000 were granted by two shareholders of the Company, Rich Place and Million Honest, respectively. The terms of the shareholders' loans are included in Note 31 to the financial statements.

Notes:

(i) The management fees were charged at cost based on the salary of staff assigned to a project of WH-SCG and were mutually agreed between the two parties,

(ii) Jinjiang is the minority shareholder of Jinjiang Wing Hong. The renovation fees were received in accordance with the terms of the renovation agreements signed between Jinjiang Wing Hong and Jinjiang and its subsidiaries and associates.

(iii) Monthly Shanghai office rental fee receivable from Maximizer Asia (Shanghai) Ltd, Mr. Hui Kau Mo is the non-executive director and Mr. Liu Kwong Sang is the independent non-executive director of abc Multiactive Limited, which is the ultimate holding company of Maximizer Asia (Shanghai) Ltd.

(iv) Shellin Investment Limited is controlled by Mr. Hui Chi Yang and Mr. Hui Chi Yung. Mr. Hui Chi Yang is a director of certain subsidiaries of the Group. Mr. Hui Chi Yung is a director of the Company. The rental expense was charged based on the floor area occupied by the Group at rates mutually agreed between the two parties. The renovation fees were charged based on the works done at rates mutually agreed between the two parties.

(v) Mr. Hui Chi Yung is the director of Speedy Well Limited. The advertising expenses were paid to Speedy Well Limited with the amount of HK$10,000 per month since October 2008.

42. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 10 July 2009.

Summary Financial Information

For the year ended 31 March 2009

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

RESULTS

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TURNOVER	**108,038**	63,197	64,368	152,701	344,937
LOSS FROM OPERATING ACTIVITIES	**(72,671)**	(35,140)	(18,656)	(12,640)	(10,816)
Finance costs	**(3,641)**	(2,311)	(2,528)	(1,851)	(343)
Share of profits and losses of an associate	**–**	–	–	–	–
LOSS BEFORE TAX	**(76,312)**	(37,451)	(21,184)	(14,491)	(11,159)
Tax	**22**	473	48	78	–
(LOSS)/PROFIT BEFORE MINORITY INTERESTS	**(76,290)**	(36,978)	(21,136)	(14,413)	(11,159)
Attributable to:					
– Equity holders of the Company	**(73,827)**	(37,055)	(20,411)	(15,004)	(11,326)
– Minority interests	**(2,463)**	77	(725)	591	167
	(76,290)	(36,978)	(21,136)	(14,413)	(11,159)

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**281,002**	234,164	217,597	249,440	268,681
TOTAL LIABILITIES	**(163,097)**	(137,786)	(102,490)	(119,977)	(126,752)
MINORITY INTERESTS	**(34,116)**	(2,646)	(2,569)	(3,294)	(2,703)
NET ASSETS	**83,789**	93,732	112,538	126,169	139,226

Note: The consolidated results of the Group for the year ended 31 March 2005, 2006, 2007, 2008 and 2009 are those set out in 2008 annual report and this annual report.