RICHLY FIELD

Richly Field China Development Limited

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 313)

Annual Report

2010

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CORPORATE INFORMATION

Board of Directors

Executive Directors

HE Guang *(Chairman)*
YU Xing Bao
WONG Kin Fai

Non-executive Director

GUO Dong

Independent Non-executive Directors

CHAN Chi Yuen
DAI Chang Jiu
HE Chuan

Audit Committee

CHAN Chi Yuen *(Chairman)*
DAI Chang Jiu
HE Chuan

Remuneration Committee

HE Guang *(Chairman)*
CHAN Chi Yuen
DAI Chang Jiu
HE Chuan

Company Secretary

LEE Pui Shan

Auditors

Pan-China (H.K.) CPA Limited

Legal Advisers

Bermuda Law
Appleby

Hong Kong Law
Iu, Lai & Li Solicitors & Notaries

Principal Registrar

Appleby Management
(Bermuda) Limited
Argyle House
41 a Cedar Avenue
Hamilton HM12
Bermuda

Hong Kong Share Registrar and Transfer Office

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

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Place of Business

Unit 1208, 12/F
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Principal Banker

The Bank of East Asia, Limited
China Construction Bank Corporation
China Merchants Bank
Industrial and Commercial Bank
of China
Bank of China

Website

http://www.equitynet.com.hk/richlyfield

Stock Code

313

DEVELOPMENT AND INVESTMENT PROPERTIES – UNDER DEVELOPMENT

Number	Item Name	Location	Type of Property	Attributable Interest	Site Area	Gross Floor Area (*Sq. m.*)	Expected Completion Date
1	Wang Gua [2009] No. 6	Tengfei Village, Maqiaohe Village, Dongma Shequ (星城鎮騰飛村、馬橋河村、東馬社區)	Residential, Commercial	100%	698.05 mu (465,363 sq. m.) Net site area of 610.3 mu	200,900	
1.1			Commercial		450.96 mu (300,652.6 sq. m.)	159,900	2011-2012
1.2			Residential		159.35 mu (106,234.4 sq. m.)	41,000	2011-2017
2	Wang Gua [2009] No. 16	Tengfei Village, Maqiaohe Village, Dongma Shequ (星城鎮騰飛村、馬橋河村、東馬社區)	Residential, Commercial	100%	1,042.77 mu (695,179 sq. m.) Net site area of 963.66 mu	677,000	
2.1			Commercial		50.09 mu (33,393.3 sq.m.)	16,000	2011-2012
2.2			Residential		927.41 (618,272.6 sq.m.)	661,000	2011-2017

The board of directors (the "Board") of Richly Field China Development Limited (the "Company") would like to announce the audited consolidated final results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2010 (the "Year"), together with the comparative figures for the year ended 31 March 2009.

BUSINESS REVIEW

The main business activity of the Company is investment holding. Its main subsidiaries were in the building construction and maintenance industry including building work, design, construction and building maintenance, and property development. Their operations were located in the People's Republic of China (the "PRC").

During the Year, the Group solidified the operation of construction and maintenance work. Dickson Construction Engineering (Guang Dong) Limited and Jiangxi Richly Town Construction Project Company Limited, the wholly-owned subsidiaries of the Company, recorded total revenue from construction work of RMB22,760,000 (equivalent to approximately HK$25,843,000), representing an increase of approximately 671% from the corresponding period last year. In view of the business scope of the two subsidiaries above is the same, taking into account the business arrangement and factors such as operation and management costs, operational efficiency and profitability of the Group between the subsidiaries, the Group will integrate the subsidiaries in due course.

During the Year, the Group strived to rationalize the business structure and sought business opportunities in upstream and downstream business in areas such as construction and real estate. It has won bids to acquire the land use right of two pieces of land located at Wangcheng County, Changsha City, Hunan Province (湖南省長沙市望城縣) at a total consideration of RMB608,000,000 (equivalent to approximately HK$689,940,000). The two pieces of land are adjacent to each other and have a total site area of 1,058,553 sq.m.. According to its planning and the customers' demand, the land was intended to be developed into the largest theme park for well-known brand names outlet shopping and furnished apartment in Central China. Currently, the project has commenced as planned and is expected to bring good returns to the Group and lay a solid foundation for its continuing business development.

During the Year, the Company and 佛山市美的房地產發展有限公司 entered into a letter of intent in relation to strategic alliance in property and land development projects, and forms of joint venture. The Group considered that such strategic alliance would help enhancing the Group's strength in obtaining top quality property development projects.

On 23 August 2009, the Company, as purchaser, and Wang Yuanxun, as vendor, and Eminent Castle Limited (the "Target Company") entered into a memorandum of understanding in relation to the proposed acquisition. The vendor, through the Target Company, legally owns the land use rights over a piece of land located at Dingan County, Hainan Province (海南省定安縣) with residential land use. In the second half of 2009, the property market of Hainan Province was affected by a number of factors and the trading price of land and property increased sharply in a short term. Market risk accumulated rapidly, which resulted in failure to reach consensus on the consideration of the acquisition in relation to the Target Company between the Company and the vendor. The Group has therefore given up the acquisition plan.

FINANCIAL REVIEW

Results

Turnover for the year ended 31 March 2010 amounted to approximately HK$25,843,000 and the corresponding last year was HK$3,351,000. Loss attributable to equity holders for the Year was approximately HK$32,090,000 compared with a loss approximately of HK$16,805,000 for the corresponding last year. Loss per share for the Year was HK0.3 cents compared with a loss per share of HK0.3 cents for the corresponding last year. During the Year, although stable income was recorded in the construction business of the Group, as the Group's business of property development has fully commenced, staff and upfront costs increased significantly. As at 31 March 2010, the Group's losses have increased from last year.

Liquidity and Capital Resources

On 21 August 2009, Sino Dynamics Investments Limited (the "Vendor"), the Company and the placing agent entered into the placing agreement pursuant to which the Vendor has conditionally agreed to sell, through the placing agent who would place on a best efforts basis, not more than 800,000,000 placing shares at the placing price of HK$0.4 per placing share to not less than six places. On the same date, the Vendor and the Company entered into the subscription agreement pursuant to which the Vendor conditionally agreed to subscribe for such number of new shares as is equal to the number of the placing shares successfully placed by the placing agent at the subscription price of HK$0.4 per subscription share. The placing and the subscription were completed during the Period, and 800,000,000 subscription shares were issued to the Vendor. The net proceeds of approximately HK$313 million was raised for general working capital and/or other possible investments of the Group.

As at 31 March 2010, the Group's net assets amounted to approximately HK$563,936,000 as compared with net assets amounted to approximately HK$277,872,000 at 31 March 2009. As at 31 March 2010 the Group had net current assets of approximately HK$626,582,000 including cash and cash equivalents of approximately HK$244,057,000 as compared with net current assets of approximately HK$277,224,000 including cash and cash equivalents of approximately HK$193,303,000 at 31 March 2009. The Group's gearing ratio measured on the basis of the Group's total borrowings over the total equity as at 31 March 2010 was not applicable as the Group has no borrowings (31 March 2009: N/A).

The Group has no significant exposure to foreign currency fluctuation as cash balances, trade receivables and trade payables were denominated in Hong Kong dollars and Renminbi.

Capital Commitment and Contingent Liabilities

As at 31 March 2010, the Group's did not have any capital commitments and contingent liabilities (31 March 2009: Nil).

Employees

As at 31 March 2010, the Group employed a total of 81 employees (excluding directors). The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include a medical insurance coverage, provident fund and share options.

Share Option Scheme

To facilitate the on-going operation and development of the Group and establish a sound incentive program to enhance the cohesion and sense of belonging of the management and key members of the Company, on 22 December 2009, the Group granted 283,200,000 share options to subscribe for up to a total of 283,200,000 ordinary shares of the Group of HK$0.05 each according to the share option scheme adopted on 2 November 2009. Details of the share option scheme are set out on page 29 to page 33 of this report.

PROSPECT AND OUTLOOK

During the Year, the real estate market in the PRC was booming in 2009. Entering 2010, housing prices in certain cities increased rapidly and the government has launched a number of adjustment policies, which include the implementation of strict home loan policy, use of tax policy to adjust the housing consumption and gain on real estate and increase of building quantity and supply ratio of affordable housing and small and medium commodity housing. The Group believed that under the central government's policy of "encouraging demand for self-occupation, controlling demand for investment and curbing demand for speculation", China's real estate market will gradually return to the healthy track. Driven by urbanization, China's domestic real estate market still has high investment value with enormous market space and rare historical development opportunities. The Group believed that by maintaining high level of market sensitivity and using rational business model, the Group can seize opportunities for market development and achieve long-term growth for the Group so as to enhance value for the shareholders.

Currently, the Group has entered the Changsha market for property development. We will concentrate resources to create high quality products based on our customers and markets. Meanwhile, we continued to seek investment opportunities in mainland China based on the principle of "selecting the best and seizing opportunities". Compared with first tier cities, the regional opportunities from industrialization and urbanization in second and third tier cities are more in line with the low risk and large potential investment policies of the Group. Based on the original operation of construction and maintenance, the Group will continue to explore value-added services and actively develop the "residential + commercial" property development model. It will create its own brandname and pave the road for its steady development through linked development and mutual growth between residential and commercial property.

FINAL DIVIDEND

The Board does not recommend any final dividend for the year ended 31 March 2010 (31 March 2009: Nil).

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 30 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2010 are set out in the consolidated income statement on page 36 of this report.

There will not be a payment of a final dividend for the year ended 31 March 2010. (31 March 2009: Nil)

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

Details are set out in note 26 and note 27 to the consolidated financial statements.

SHARE CAPITAL

Details of the authorised and issued share capital of the Company are set out in note 20 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 40 to page 41 and in note 21 to the consolidated financial statements respectively.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2010, the aggregate amount of turnover and purchases attributable to the Group's five largest customers and suppliers respectively represented 100% of the Group's total turnover and purchases.

To the best knowledge of the directors of the Company, none of the directors of the Company or any their associates or shareholders had any beneficial interest in the Group's five largest customers and suppliers.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 76 of this report. This summary does not form part of the audited financial statements.

DIRECTORS

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

Executive Directors:

HE Guang
YU Xing Bao
WONG Kin Fai

Non-executive Director:

GUO Dong

Independent Non-executive Directors:

CHAN Chi Yuen
DAI Chang Jiu
HE Chuan

Pursuant to Bye-Law 99, Mr. Chan Chi Yuen, Mr. Dai Chang Jiu and Dr. He Chuan will retire by rotation at the forthcoming annual general meeting and, being eligible, will be offering themselves for re-election.

The term of office of each non-executive director is not specific but subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Bye-Laws of the Company.

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' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2010, the interests of the directors, the chief executives and their associates, in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies, were as follows:

Long positions

Ordinary shares of HK$0.05 each of the Company

Name of director	Capacity	Number of issued ordinary shares held/interested	Number of unlisted underlying shares interested *(Note 4)*	Approximate Aggregate Percentage of the issued share capital of the Company
HE Guang *(Note 1)*	Held by controlled corporation and personal interest	1,440,000,000	34,500,000	16.60%

Name of director	Capacity	Number of issued ordinary shares held/interested	Number of unlisted underlying shares interested *(Note 4)*	Approximate Aggregate Percentage of the issued share capital of the Company
YU Xing Bao *(Noted 2)*	Held by controlled corporation and personal interest	700,000,000	30,000,000	8.22%
WONG Kin Fai *(Note 3)*	Held by his spouse and personal interest	30,000	25,500,000	0.29%
GUO Dong	Personal interest	–	20,000,000	0.23%

Notes:

1) Sino Dynamics Investments Limited, which is the registered holder of 1,440,000,000 shares, is wholly owned by Mr. He Guang. Mr. He Guang is deemed to be interested in 1,440,000,000 shares under the SFO.

2) Reward Ever Limited, which is the registered holder of 700,000,000 shares, is wholly owned by Mr. Yu Xing Bao. Mr. Yu Xing Bao is deemed to be interested in 700,000,000 shares under the SFO.

3) Mr. Wong Kin Fai is deemed to be interested in 30,000 shares held by his spouse under the SFO.

4) Unlisted underlying shares are share options granted to the directors pursuant to the share option shares of the Company and details of which are set out on page 29 to page 33 of this report.

Save as disclosed above, none of the directors, the chief executive and their associates, had any interests or short positions in any shares, underlying shares or debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies as at 31 March 2010.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2010, other than the interests of certain directors as disclosed under the section headed "Directors' and chief executives' interests in shares and underlying shares" above, the interests and short positions of persons in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under Section 336 of the SFO were as follow:

Long positions

Ordinary shares of HK$0.05 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares and unlisted underlying shares held/interested	Approximate Percentage of the issued share capital of the Company
Sino Dynamics Investments Ltd *(Note 1)*	Registered owner	1,440,000,000	16.21%
Reward Ever Limited *(Note 2)*	Registered owner	700,000,000	7.88%
Liao Chang *(Note 3)*	Held by controlled corporation and registered owner	2,820,000,000	31.75%
Kenton Investments Development Limited *(Note3)*	Registered owner	1,920,000,000	21.62%
City Focus Holdings Limited *(Note 3)*	Registered owner	740,000,000	8.33%
Zhang Wei *(Note 4)*	Held by controlled corporation and registered owner	813,800,000	9.16%
Primestar Group Holdings Limited *(Note 4)*	Registered owner	500,000,000	5.63%

Notes:

1) Sino Dynamics Investments Limited, which is the registered holder of 1,440,000,000 shares, is wholly owned by Mr. He Guang, an executive director of the Company.

2) Reward Ever Limited, which is the registered holder of 700,000,000 shares, is wholly owned by Mr. Yu Xing Bao, an executive director of the Company.

3) Mr. Liao Chang is interested and deemed to be interested in an aggregate of 2,820,000,000 shares. These shares are held in the following capacities:

    i) 160,000,000 shares are held in his personal name;

    ii) 1,920,000,000 shares are held by Kenton Investments Limited which is a company wholly owned by Mr. Liao Chang; and

    iii) 740,000,000 shares are held by City Focus Holdings Limited which is a company wholly owned by Mr. Liao Chang.

4) Ms. Zhang Wei is interested and deemed to be interested in an aggregate of 813,800,000 shares. These shares are held in the following capacities:

    i) 300,000,000 shares are held in her personal name;

    ii) 13,800,000 share options are granted to her; and

    iii) 500,000,000 shares are held by Primestar Group Holdings Limited which is a company wholly owned by Ms. Zhang Wei.

Save as disclosed above, as at 31 March 2010, no person (other than the directors of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

To the best knowledge of the Board, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE AND CONNECTED PARTY TRANSACTIONS

Save as disclosed below, having made all reasonable enquiries and based on the available books and records, the Board is not aware of any material interest 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.

On 22 January 2008, the Company, the liquidators and Richly Field Group Limited (the "Investor") entered into the convertible notes subscription agreement (the "CN Subscription Agreement"), pursuant to which the Investor has irrevocably agreed to subscribe or otherwise procure parties not being connected persons of the Company to subscribe for the convertible notes in an aggregate amount of not more than HK$225 million at any time during the exercise period from 23 July 2008 to 22 July 2009 upon the receipt of the exercise notice.

Pursuant to the terms of the CN Subscription Agreement, the Company had the sole discretion to serve the exercise notice to the Investor during the exercise period. Upon receipt of the exercise notice, the Investor would take up or procure other note subscriber(s) to take up the convertible notes, which would be issued at its face value. If no exercise notice was served during the exercise period, the CN Subscription Agreement would lapse at the expiration of the exercise period.

On 22 July 2009, the Company announced that no exercise notice has been served during the exercise period and the CN Subscription Agreement has lapsed on 22 July 2009. The Investor was wholly-owned subsidiary of Sino Dynamics Investments Limited which was wholly and beneficially owned by Mr. He Guang, an executive director of the Company.

The Investor was a connected person of the Company under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the non-exercise of the option by the Company to request the Investor to subscribe for the convertible notes (the "Option") constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. The non-exercise of the Option is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 16 September 2009, the independent shareholders approved the confirmation and ratification in respect of the non-exercise of the Option at the special general meeting. The details were disclosed in the announcements of the Company dated 12 February 2008, 22 July 2009, 18 August 2009 and the circulars of the Company dated 31 March 2008 and 31 August 2009.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this report, none of the directors, the shareholders of the Company and their respective associates had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 24 to the consolidated financial statements.

MANAGEMENT CONTRACTS

The Board is not aware of any contract during the Year entered into with the management and administration of the whole or any substantial part of the business of the Company.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes are set out in note 23 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the Year, the Company and any of its subsidiaries did not purchase, sell or redeem any of the Company's listed shares.

PRE-EMPTIVE RIGHTS

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

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float as required under the Listing Rules during the Year and up to the date of this report.

AUDITORS

Since September 2009, NCN CPA Limited, the auditors of the Company, has become a member firm of Pan-China Certified Public Accountants Limited, a renowned CPA firm in the PRC. Their company name was changed to "Pan-China (H.K.) CPA Limited" on 16 October 2009. The financial statements for the year ended 31 March 2010 were audited by Pan-China (H.K.) CPA Limited. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

He Guang
Chairman

Hong Kong, 18 June 2010

CORPORATE GOVERNANCE PRACTICES

Following the issue of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 of the Listing Rules, the Company has carefully reviewed and considered its provisions, and carried out a detailed analysis on the corporate governance practices of the Company which against the requirements of the CG Code.

The Board confirms that the Company was in compliance with the CG Code throughout the Year, except for the following deviations:

Code Provision A.2.1

This provision states that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. He Guang assumes the role of chairman, and there is no other person designated as chief executive officer. The Board believes that this structure helps maintain strong and effective leadership and leads to a highly efficient decision making process. The Board will review this situation periodically.

Code Provision A.4.1

This provision requires the non-executive directors should be appointed for specific terms, subject to re-election at the general meeting of the Company. Currently, all the non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the forthcoming annual general meeting in accordance with the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting that in the CG Code.

BOARD OF DIRECTORS

Composition

As at the date of this report, the Board comprises of seven directors including three executive directors, one non-executive director, and three independent non-executive directors.

The Board is responsible for the leadership and control of the Company and oversees the Company's businesses, investment and strategic decisions and performance. In addition, the Board has also delegated various responsibilities to the board committees. Further details of these board committees are set out in this report.

Executive Directors:
HE Guang
YU Xing Bao
WONG Kin Fai

Non-executive Director:
GUO Dong

Independent Non-executive Directors:
CHAN Chi Yuen
DAI Chang Jiu
HE Chuan

The Board members have no financial, business, family or other material/relevant relationships with each other. The biographical information of the directors are set out on page 26 to page 28 of this report.

Chairman

The role of the chairman of the Company takes the lead in formulating overall strategies and policies of the Company; ensures the effective performance by the Board of its functions, including compliance with good corporate governance practices and encourages and facilitates active contribution of directors in Board activities. He also ensures that all directors are properly briefed on issues arising at Board meetings and have received adequate, complete and reliable information in a timely manner with the assistance of the company secretary.

Executive Directors

The executive directors are responsible for running the Company and executing the strategies adopted by the Board. They lead the Company's management team in accordance with the directions set by the Board and are responsible for ensuring that proper internal control system is in place and the Company's business conforms to applicable laws and regulations.

Non-executive Director and independent non-executive Directors

The non-executive director and the independent non-executive directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework.

Their participations provide adequate checks and balances to safeguard the interests of the Company and its shareholders. The Board consists of three independent non-executive directors and one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each of the independent non-executive directors a confirmation of independence for the Year pursuant to Rule 3.13 of the Listing Rules.

On this basis, the Board considers all such directors to be independent.

Board Meetings

During the financial year ended 31 March 2010, the Board held seventeen regular/special Board meetings.

The attendance of each member at the Board meetings is set out below:

Name	Number of meetings attended/Total
Executive Directors:	
He Guang *(Chairman)*	17/17
Yu Xing Bao	17/17
Wong Kin Fai	17/17
Non-executive Director:	
Guo Dong	17/17
Independent Non-executive Directors:	
Chan Chi Yuen	17/17
Dai Chang Jiu	17/17
He Chuan	16/17

Board minutes are kept by the company secretary and are open for inspection by the directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the company secretary, and has the liberty to seek external professional advice if so required.

TRAINING FOR DIRECTORS

Each newly appointed director receives comprehensive, formal induction to ensure that he/she has appropriate understanding of the business and his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the directors.

The Board confirms that all directors of the Company have complied with the Model Code throughout the Year.

AUDIT COMMITTEE

The audit committee (the "Audit Committee") has been established by the Board. The Audit Committee currently comprises three independent non-executive directors. The Audit Committee will meet at least twice a year. The Audit Committee is mainly responsible for overseeing the Company's financial reporting system and internal control procedures; making recommendations to the Board in the appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; and reviewing the interim and annual reports and accounts of the Company.

During the Year, the Audit Committee held three meetings. Details of attendance are set out below:

Name	**Number of meetings members attended/Total**
Chan Chi Yuen *(Chairman)*	3/3
Dai Chang Jiu	3/3
He Chuan	2/3

REMUERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") which consists of one executor director and three independent non-executive directors. The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's remuneration policy for directors and senior management, and overseeing the remuneration packages of the executive directors, and senior management.

During the Year, the Remuneration Committee held three meetings to discuss about the remuneration package of directors and senior management. Details of attendance are set out below:

Name	Number of meetings members attended/Total
Executive Director:	
He Guang *(Chairman)*	3/3
Independent Non-executive Directors:	
Chan Chi Yuen	3/3
Dai Chang Jiu	3/3
He Chuan	3/3

DIRECTORS' REMUNERATION

The monthly director's fee for Mr. He Guang, Mr. Yu Xing Bao and Mr. Wong Kin Fai was revised to HK$100,000, HK$100,000 and HK$60,000 respectively with effect from 1 January 2010.

NOMINATION COMMITTEE

In considering the nomination of new directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the investment business and/or other professional areas.

Furthermore, as the full Board is responsible for the selection and approval of candidate for appointment as director to the Board, therefore the Company has not established a nomination committee for the time being.

DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's financial statements for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements. The directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditors of the Company regarding their responsibilities on the financial statements is set out in the Independent Auditors' Report on page 34 to page 35 of this report.

INTERNAL CONTROL

The Board has overall responsibilities for maintaining sound and effective internal control system of the Company. The Board has delegated to the management the implementation of such systems of internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures. The Audit Committee composites member of the management was established for conducting a review of the internal control of the Company which cover the material controls including financial, operational and compliance controls and risk management functions. Procedures have been set up, inter alia, for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication.

The management throughout the Company maintains and monitors the internal control system on an ongoing basis. No material issue but areas for improvement had been identified and appropriate measures had been taken. Also the Board considered that the resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget are adequate.

AUDITORS' REMUNERATION

During the Year under review, the remuneration in respect of audit and non-audit services provided by the Company's auditors is set out below:

Services rendered	Fee paid/payable *HK$'000*
Audit services	250
Non-audit services	365

INVESTOR RELATIONS

During the Year, the Company has proactively enhanced its corporate transparency and communications with its shareholders and the investment community through its mandatory interim and final reports announcement. Through the timely distribution of press releases, the Company has also kept the public abreast of its latest developments.

COMMUNICATION WITH SHAREHOLDERS

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. The Chairman as well as Chairman of the Audit and Remuneration Committees and members of the Committees are pleased to answer shareholders' questions. Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual directors. All the announcements and circulars are published on the Company's website (http://www.equitynet.com.hk/richlyfield) and on the website of the Stock Exchange (http://www.hkexnews.hk).

EXECUTIVE DIRECTORS

Mr. HE Guang ("Mr. He")

Mr. He, aged 51, was appointed as an executive director of the Company on 23 July 2008. Mr. He was an executive director and vice-president of Beijing Capital Land Limited (stock code: 2868) from December 2002 to December 2008. In the past, Mr. He was responsible for project management in the New Rank Group in Hong Kong since 1998. During the period from late 1996 to 1998, he worked as a senior engineer for C.M. Wong Associates Limited in Hong Kong, which is a firm of consulting engineers specializing in structural and geo-technical engineering projects. He has also worked as a senior architect and engineer for TCL Construction Development Limited in Canada from May 1996 to December 1996 and was responsible for designing several development projects in Canada and in Hong Kong. Prior to his position at Beijing Capital Land Limited, Mr. He also served as a member of the senior management of Beijing Rongjin Real Estate Development Company Limited, a PRC property development company. Mr. He has over 22 years of experience in architectural engineering and obtained his doctorate in civil engineering from the University of Montreal, Canada in 1996.

Mr. YU Xing Bao ("Mr. Yu")

Mr. Yu, aged 45, was appointed as an executive director of the Company on 9 February 2009. Mr. Yu is a certified public accountant in the PRC. Mr. Yu was an independent non-executive director of Beijing Capital Land Limited (stock code: 2868) from May 2004 to December 2008. Mr. Yu obtained his bachelor degree from Shanghai University of Finance & Economics in 1987 and his master degree in business administration from Tsinghua University in 2005. Mr. Yu has previously worked for SheKou ZhongHua Certified Public Accountants in Shenzhen, and the China office of American Appraisal Hong Kong Limited. From 1996, Mr. Yu served as the legal representative and chief accountant of Beijing ZhongRuiJia Certified Public Accountants. Since 2000, Mr. Yu has been serving as the legal representative and chief accountant of Ascenda Certified Accountants (Beijing). Mr. Yu was appointed as a director of Dickson Construction Engineering (Guangdong) Limited, which is the wholly-owned subsidiary of the Company, on 10 December 2008.

Mr. WONG Kin Fai ("Mr. Wong")

Mr. Wong, aged 42, was appointed as an executive director of the Company on 23 July 2008. Mr. Wong is a qualified cost engineer practising in quantity surveying and project management. He has over 10 years of experience in the construction industry and is principally engaged in the provision of consultancy services to construction projects in Hong Kong and the PRC. Mr. Wong obtained a master of science degree in engineering business management from the University of Warwick in 1993 and a postgraduate diploma in quantity surveying from the University of Hong Kong in 1997. He is an accredited Quantity Surveyor with the Academy of Experts (England).

NON-EXECUTIVE DIRECTOR

Mr. GUO Dong ("Mr. Guo")

Mr. Guo, aged 37, was appointed a non-executive director of the Company on 9 February 2009. Mr. Guo obtained his bachelor degree in science from Shanghai Maritime University in 1996 and bachelor degree in law from Tsinghua University in 2001. In 2006, Mr. Guo finished his postgraduate studies in Industrial Economics in Central University of Finance and Economics. Since 2002, Mr. Guo has been a practising lawyer in PRC and has five years' experience in practising law. Mr. Guo is the director and secretary of the board of directors of 江西四特酒有限責任公司 (Jiangxi Saint Liquor Co., Ltd*). Mr. Gao has over 3 years of experience in management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Chi Yuen ("Mr. Chan")

Mr. Chan, aged 43, was appointed as an independent non-executive director of the Company on 20 February 2009. Mr. Chan holds a bachelor degree with honours in business administration and a master of science degree in corporate governance and directorship. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and is an associate member of The Institute of Chartered Accountants in England and Wales. Mr. Chan is a practicing certified public accountant and has extensive experience in financial management, corporate finance and corporate governance.

Mr. Chan is currently an independent non-executive director of Asia Energy Logistics Group Limited (stock code: 351), China Gogreen Assets Investment Limited (stock code: 397), China Gamma Group Limited (stock code: 164), Superb Summit International Timber Company Limited (stock code: 1228), China Grand Forestry Green Resources Group Limited (stock code: 910), The Hong Kong Building and Loan Agency Limited (stock code: 145) and Rojam Entertainment Holdings Limited (stock code : 8075). He was an executive director of New Times Energy Corporation Limited (stock code: 166) since May 2006 and was re-designated as a non-executive director from October 2006 onwards. He was also an executive director of Amax Entertainment Holdings Limited (stock code: 959) from August 2005 to January 2009, China E-Learning Group Limited (stock code: 8055) from July 2007 to September 2008, Kong Sun Holdings Limited (stock code: 295) from February 2007 to November 2009, and an independent non-executive director of Golden Resorts Group Limited (stock code: 1031) from September 2004 to October 2005.

Mr. DAI Chang Jiu ("Mr. Dai")
Mr. Dai, aged 47, was appointed as an independent non-executive director of the Company on 20 February 2009. Mr. Dai holds a bachelor degree in law from the Department of Political Education of Anhui Normal University, an L.L.M. degree from Southwest University of Political Science & Law and an EMBA degree from 法國巴黎高等商科學校. Mr. Dai worked with the Department of Treaty and Law of the Ministry of Finance for more than 7 years and Shenzhen Zhongzhou Certified Public Accountants for about 1 year. Since February 1996, he has been a partner of Beijing Forever Law Firm.

Dr. HE Chuan ("Dr. He")
Dr. He, aged 46, was appointed as an independent non-executive director of the Company on 20 February 2009. Dr. He is a professor and national A-class registered architect. Dr. He graduated from the Department of Architecture in Xi'an Institute of Metallurgy & Construction Engineering with a bachelor degree in architecture in 1984 and the Department of Architecture in Southeast University with a PhD degree in architecture in 1995. Dr. He is currently a professor of College of Architecture and Urban Planning in Shenzhen University. He has devoted to architecture design, teaching, research and real estate planning for more than 20 years.

* *for identification purposes only*

The Company adopted a share option scheme on 2 November 2009 (the "Scheme"). The following are the principal terms of the Scheme:

1. Purpose of the Scheme

The purpose of the Scheme is to provide an incentive for the eligible participants to work with commitment towards enhancing the value of the Company and its shares for the benefit of the shareholders and the operation and long-term development of the Group.

2. Participants of the Scheme

Eligible participants of the Scheme include (i) any executive director, senior management personnel or employee (whether full time or part time) of the Company, any subsidiary or any invested entity which the Company or any subsidiary holds any equity interest (the "Invested Equity"); and (ii) any non-executive directors (including independent non-executive directors) of the Company, any subsidiary or any Invested Entity.

3. Total number of shares available for issue under the Scheme

The total number of shares in respect of which share options may be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue as at the date upon which the Scheme takes effect in accordance with its terms ("Scheme Mandate").

The Company may seek approval by the shareholders in general meeting for refreshing the Scheme Mandate provided that the total number of shares in respect of which share options may be granted under the Scheme and any other share option schemes of the Company under the Scheme Mandate as refreshed must not exceed 10% of the total number of shares in issue as at the date of the shareholders' approval.

The limit on the number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 30 % of the shares in issue from time to time. No share options may be granted if such grant will result in this 30 per cent. limit being exceeded.

As at the date of this report, a total of 283,200,000 shares (representing approximately 3.19% of shares in issue) maybe issued by the Company if all share options which were granted under the Scheme have been exercised.

4. Maximum entitlement of each participant under the Scheme

The maximum number of shares issued and to be issued upon exercise of share options granted under the Scheme and any other share option schemes of the Company to any eligible participants (including cancelled, exercised and outstanding share options), in any 12-month period up to the date of offer must not exceed 1% of the shares in issue. Any further grant of share options in excess of the above limit shall be subject to shareholders' approval.

5. Period within which the shares must be taken up under a share option

The Board may in its absolute discretion determine the period, save that such period shall not be more than 10 years commencing on the date of offer.

6. Minimum period for which a share option must be held before it can be exercised

The Board may in its absolute discretion determine the minimum period for which a share option must be held before it can be exercised.

7. Acceptance of the Share Option

The offer of a share option made pursuant to the Scheme may be accepted within 20 business days from the date of offer and the amount payable on acceptance of the share option is HK$1.

8. Basis for determining the Exercise Price

The exercise price shall be determined by the Board and shall be at least the higher of:

(i) the closing price of the shares on the date of offer;

(ii) the average of the closing prices of the shares for the five business days immediately preceding the date of offer; and

(iii) the nominal value of a share.

9. Duration of the Scheme

The Scheme is valid until 1 November 2019.

10. Movement of Share Options

	Number of Share Options										Closing Price of Shares	
Eligible participants	At 1 April 2009	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 March 2010	Date of offer	Vesting period	Exercise period	Exercise price	Before date of grant	Before date of exercise
Directors												
He Guang	–	34,500,000	–	–	–	34,500,000	22 December 2009	Note	Note	HK$0.428	HK$0.415	–
Yu Xing Bao	–	30,000,000	–	–	–	30,000,000	22 December 2009	Note	Note	HK$0.428	HK$0.415	–
Wong Kin Fai	–	25,500,000	–	–	–	25,500,000	22 December 2009	Note	Note	HK$0.428	HK$0.415	–
Guo Dong	–	20,000,000	–	–	–	20,000,000	22 December 2009	Note	Note	HK$0.428	HK$0.415	–
Employees												
In aggregate	–	173,200,000	–	–	–	173,200,000	22 December 2009	Note	Note	HK$0.428	HK$0.415	–
Total	–	283,200,000	–	–	–	283,200,000						

Notes:

The vesting of the share options is conditional on the Performance Target (as defined below) during the following period in the following manner:

1. the first 25% of the share options granted will fully vest on the date of results announcement for the year ending 31 March 2011 provided that the associated Performance Target is met and the exercise period for this tranche is from the date of results announcement for the year ending 31 March 2011 to 21 December 2015;

2. the second 25% of the share options granted will fully vest on the date of results announcement for the year ending 31 March 2012 provided that the associated Performance Target is met and the exercise period for this tranche is from the date of results announcement for the year ending 31 March 2012 to 21 December 2015;

3. the third 25% of the share options granted will fully vest on the date of results announcement for the year ending 31 March 2013 provided that the associated Performance Target is met and the exercise period for this tranche is from the date of results announcement for the year ending 31 March 2013 to 21 December 2015; and

4. the final 25% of the share options granted will fully vest on the date of results announcement for the year ending 31 March 2014 provided that the associated Performance Target is met and the exercise period for this tranche is from the date of results announcement for the year ending 31 March 2014 to 21 December 2015.

The vesting of the share options is subject to the achievement of the rate of return on equity of the Group of not less than 12% ("**Performance Target**") for each of the financial years ending 31 March 2011, 2012, 2013 and 2014 respectively based on the reported figures as contained in the annual report of the Group for the relevant financial year. If the Performance Target is met in a particular financial year, the share options associated with that financial year will vest and can be exercised. If the Performance Target is not met in a particular financial year, the share options associated with that financial year will lapse automatically.

11. Valuation of Share Options

The fair value of each share option granted was estimated on the date of offer using the Black-Scholes option pricing model with the following assumptions:

Date of offer	:	22 December 2009
Share price at date of offer	:	HK$0.425
Exercise price	:	HK$0.428
Risk-free interest rate	:	0.314%-1.635%
Expected dividend	:	Nil
Expected volatility	:	71.55%-87.35%
Expected life (year)	:	1.52 to 4.52

Based on the above assumptions, the computed fair value of each share option was approximately within the range from HK$0.13 to HK$0.19. The Black-Scholes option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. Any changes in the subjective input assumptions may materially affect the estimation of the fair value of a share option.

TO THE SHAREHOLDERS OF
RICHLY FIELD CHINA DEVELOPMENT LIMITED
(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

We have audited the consolidated financial statements of Richly Field China Development Limited set out on pages 36 to 75, which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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 the report.

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

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

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

OPINION

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

PAN-CHINA (H.K.) CPA LIMITED
Certified Public Accountants
Fung Pui Cheung
Practising Certificate Number P00755

20/F., Hong Kong Trade Centre,
161-167 Des Voeux Road,
Central, Hong Kong,
Hong Kong S.A.R., China
18 June 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Revenue	5	**25,843**	3,351
Cost of sales		**(21,388)**	(3,053)
Gross profit		**4,455**	298
Other revenue	5	**2,900**	2,174
Administrative and other operating expenses		**(38,441)**	(19,277)
Loss before taxation	7	**(31,086)**	(16,805)
Income tax	8	**(1,004)**	–
Loss for the Year		**(32,090)**	(16,805)
Dividend	10	**–**	–
Loss per share			
– Basic	11	**(0.3) cents**	(0.3) cents
– Diluted	11	**(0.3) cents**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	2010	2009
	HK$'000	*HK$'000*
Loss for the Year	**(32,090)**	(16,805)
Other comprehensive income:		
Exchange differences arising on translation of overseas operations	**230**	705
Total comprehensive loss attributable to equity holders of the Company	**(31,860)**	(16,100)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	**4,624**	648
Provisional tax payment	13	**18,040**	–
		22,664	648
Current assets			
Properties under development	15	**733,334**	85,500
Trade and other receivables	16	**15,425**	993
Cash and bank balances		**244,057**	193,303
		992,816	279,796
Current liabilities			
Trade and other payables	17	**365,229**	2,572
Tax payable		**1,005**	–
		366,234	2,572
Net current assets		**626,582**	277,224
Total assets less current liabilities		**649,246**	277,872
Non-current liabilities			
Deferred income	18	**85,310**	–
Net assets		**563,936**	277,872
EQUITY			
Share capital	20	**444,044**	404,044
Reserves		**119,892**	(126,172)
Total equity		**563,936**	277,872

Approved and authorised for issue by the board of directors on 18 June 2010.

He Guang
Executive Director

Wong Kin Fai
Executive Director

STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	**387**	48
Interests in subsidiaries	14	**538,814**	188,688
		539,201	188,736
Current assets			
Trade and other receivables	16	**821**	825
Cash and bank balances		**36,042**	88,181
		36,863	89,006
Current liabilities			
Trade and other payables	17	**554**	250
Net current assets		**36,309**	88,756
Total assets less current liabilities		**575,510**	277,492
Net assets		**575,510**	277,492
EQUITY			
Share capital	20	**444,044**	404,044
Reserves	21	**131,466**	(126,552)
Total equity		**575,510**	277,492

Approved and authorised for issue by the board of directors on 18 June 2010.

He Guang
Executive Director

Wong Kin Fai
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital (note 20)	Share premium	Contributed surplus	Capital redemption reserve	Translation reserve	Merger reserve	Share option reserve	Reorganisation reserve	Accumulated losses	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2008	16,544	142,131	69,476	109	475	1,650	–	–	(770,386)	(540,001)
Loss for the year	–	–	–	–	–	–	–	–	(16,805)	(16,805)
Exchange differences arising on translation of overseas operations	–	–	–	–	705	–	–	–	–	705
Total comprehensive income for the year	–	–	–	–	705	–	–	–	(16,805)	(16,100)
Issue of new shares by way of subscription	300,000	–	–	–	–	–	–	–	–	300,000
Issue of new shares by way of placing	87,500	(2,625)	–	–	–	–	–	–	–	84,875
Transfer upon reorganisation	–	–	–	–	–	(1,650)	–	450,748	–	449,098
At 31 March 2009 and 1 April 2009	404,044	139,506	69,476	109	1,180	–	–	450,748	(787,191)	277,872
Loss for the Year	–	–	–	–	–	–	–	–	(32,090)	(32,090)
Exchange differences arising on translation of overseas operations	–	–	–	–	230	–	–	–	–	230
Total comprehensive income for the Year	–	–	–	–	230	–	–	–	(32,090)	(31,860)
Issue of new shares by way of placing	40,000	273,251	–	–	–	–	–	–	–	313,251
Recognition of equity settled share-based payment expenses	–	–	–	–	–	–	4,673	–	–	4,673
At 31 March 2010	444,044	412,757*	69,476*	109*	1,410	–*	4,673*	450,748*	(819,281)*	563,936

The share premium reserve represents the difference between the nominal amount of share capital and amounts received on issue of shares.

The contributed surplus reserve represents the surplus arising on reduction of paid up capital during the year ended 31 March 2004.

The reorganisation reserve represents the carrying amount of net liabilities of subsidiaries, net of expenses, being disposed under the schemes of arrangement under section 166 of the Hong Kong Companies Ordinance (Cap 32 of the Laws of Hong Kong) and section 99 of the Companies Act 1981 of Bermuda (as amended time to time). Both schemes of arrangement were sanctioned by the High Court of Hong Kong and the Supreme Court of Bermuda on 27 May 2008 and 13 June 2008 respectively.

* These reserve accounts comprise the consolidated reserves of HK$119,892,000 (2008: HK$126,172,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

	2010	2009
	HK$'000	*HK$'000*
Operating activities		
Loss before taxation	**(31,086)**	(16,805)
Adjustments for:		
Depreciation	**592**	150
Loss on disposal of property, plant and equipment	**–**	84
Share-based payment	**4,673**	–
Impairment loss on other receivables	**–**	1,180
Interest income	**(278)**	(1,492)
Exchange fluctuation	**226**	691
Operating cash flows before working capital changes	**(25,873)**	(16,192)
Increase in trade and other receivables	**(14,432)**	(87,606)
Increase/(decrease) in trade and other payables	**362,657**	(1,386)
Increase in deferred income	**85,310**	–
Increase in properties under development	**(647,834)**	–
Provisional tax paid	**(18,040)**	–
Net cash used in operating activities	**(258,212)**	(105,184)

	2010	2009
	HK$'000	*HK$'000*
Investing activities		
Interest received	**278**	1,492
Payments to acquire property, plant and equipment	**(4,563)**	(368)
Cash outflow on restructuring	**–**	(127,835)
Net cash used in investing activities	**(4,285)**	(126,711)
Financing activities		
Issue and placing of shares	**313,251**	384,875
Net cash generated from financing activities	**313,251**	384,875
Net increase in cash and cash equivalents	**50,754**	152,980
Cash and cash equivalents at beginning of year	**193,303**	40,323
Cash and cash equivalents at end of year	**244,057**	193,303
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**244,057**	193,303

1. General information

The Company was originally incorporated in the Cayman Islands on 10 September 1990 but re-domiciled to Bermuda on 11 February 2004 with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

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

The Company is engaged in investment holding. The activities of the subsidiaries are set out in note 30 to the consolidated financial statements.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied for the first time a number of new standards, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

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

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods except for the impact as described below.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

HKFRS 8 "Operating Segments"

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (note 6 to the consolidated financial statements), but has had no impact on the reported results or financial position of the Group.

HKAS 1 (Revised) "Presentation of Financial Statements"

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

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

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurement in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk.

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

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

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

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

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

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

3. Significant accounting policies

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

The measurement basis used in the preparation of the financial statements is the historical cost basis.

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

(a) Basis of Consolidation

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

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

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

3. Significant accounting policies (continued)

(a) Basis of Consolidation (continued)

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

Minority interests in the net assets of consolidated subsidiaries are identified 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.

(b) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

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

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

(c) Goodwill

Goodwill arising on an acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition. Goodwill arising on an acquisition of an associate or a jointly controlled entity represents the excess of the cost of acquisition over the Group's share of the relevant associate's or jointly controlled entity's net assets at the date of acquisition.

Capitalised goodwill is presented separately in the consolidated statement of financial position and is carried at cost less any accumulated impairment losses.

3. Significant accounting policies (continued)

(c) *Goodwill (continued)*

For the purposes 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 a subsidiary, an associate or a jointly controlled entity, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

(d) *Investments in subsidiaries*

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less any impairment losses, unless it is classified as held for sale.

(e) *Property, plant and equipment*

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

Depreciation is charged so as to write off the cost or valuation of assets, other than properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Leasehold improvements	25%
Office equipment	15%-33$^{1}/_{3}$%
Furniture and fixtures	15%-20%
Motor vehicle	20%

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement in year in which the item is derecognized.

3. Significant accounting policies (continued)

(f) Properties under development

Properties under development are stated at the lower of cost and net realisable value. Development cost of property comprises construction costs, depreciation of machinery and equipment, amortisation of land use rights and professional fees incurred during the development period.

(g) Leases

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

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

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

Interest in leasehold land is amortised over the lease term on a straight-line basis.

(h) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Hong Kong dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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

3. Significant accounting policies (continued)

(h) Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period in which they arise, except for exchange differences arising on a monetary item forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Hong Kong dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are included in the exchange reserve as a separate component of equity. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate prevailing at the end of the reporting period. Exchange differences arising are included in the exchange reserve.

(i) Employee benefits

(i) Short Term Employee Benefits and Contributions to Defined Contribution Retirement Plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination Benefits

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

3. Significant accounting policies (continued)

(i) Employee benefits (continued)

(iii) Equity-settled share-based payment transactions

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

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to share option reserve. At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes:

(i) Revenue from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below;

(ii) Revenue from rendering of contract services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" below; and

(iii) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding using the effective interest rate method.

(k) Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to depreciable assets are recognised as deferred income in the consolidated financial statement of financial position and transferred to profit or loss over the useful lives of the related assets. Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. Significant accounting policies (continued)

(l) 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 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 liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 the each of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

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.

(m) Impairment of assets other than goodwill

At the end of each reporting period, the management reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the management estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. Significant accounting policies (continued)

(m) Impairment of assets other than goodwill (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Impairment losses recognised in an interim financial report prepared in compliance with HKAS 34 Interim Financial Reporting are not reversed at the end of the financial year to which the interim period relates even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of that financial year.

(n) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group or the Company 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.

3. Significant accounting policies (continued)

(n) Financial instruments (continued)

(i) Trade and other receivables

Trade and other receivables are subsequently measured at amortised cost, using the effective interest method, less any impairment losses for bad and doubtful debts except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less any impairment losses for bad and doubtful debts.

(ii) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Investments which are non-derivatives with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity are classified as held-to-maturity investments and are measured at subsequent reporting dates at amortised cost, using the effective interest method, less any impairment losses recognised to reflect irrecoverable amounts.

Investments held for trading are classified as investments at fair value through profit and loss and are measured at subsequent reporting dates at fair value with changes in fair value recognised in profit or loss in the period in which they arise.

Investments which are non-derivatives and classified neither as held-to-maturity investments nor investments at fair value through profit and loss are classified as available-for-sale investments and are measured at subsequent reporting dates at fair value. Changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Impairment losses are recognised in profit or loss. For available for-sale equity investments, impairment losses will not be reversed in profit and loss in subsequent periods.

(iii) Trade and other payables

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

(iv) Equity instruments

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

Consideration paid to reacquire the Company's own equity instruments are deducted from equity. No gain or loss is recognised in profit or loss.

3. Significant accounting policies (continued)

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(p) Provisions and contingent liabilities

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

Present obligation is disclosed as a contingent liability where it is not probable that an outflow of economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured reliably. Possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as a contingent liability unless the probability of outflow of economic benefits is remote.

(q) Related parties

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

(i) The party, directly or indirectly through one or more intermediaries, (1) controls, is controlled by, or is under common control with, the Group; (2) has an interest in the Group that gives it significant influence over the Group; or (3) has joint control over the Group;

(ii) The party is an associate;

(iii) The party is a jointly controlled entity;

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

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

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

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

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. Significant accounting policies (continued)

(r) 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.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant 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 contract customers.

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

(s) Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction.

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

3. Significant accounting policies (continued)

(s) Contracts for services (continued)

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

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

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-marker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's board of directors that makes strategic decisions.

4. Critical accounting estimates and judgments

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

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

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the management has to exercise judgment in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may affect that asset value or such event affecting the asset value has not been in existence; (ii) whether the carrying value of an asset can be supported by net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

5. Turnover and other revenue

The Group derived income from operation of construction and maintenance work in the People's Republic of China (the "PRC") during the current and prior year. Turnover and other revenue are analysed as follows:

	2010	2009
	HK$'000	*HK$'000*
Turnover		
Construction and maintenance income	**25,843**	3,351
Other revenue		
Interest income	**389**	1,492
Exchange gain	**–**	323
Others	**2,511**	359
	2,900	2,174

6. Segment information

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the Group's board of directors) in order to allocate resources to the segments and to assess their performance. The adoption of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profits or loss.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax from continuing operations.

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include trade receivables, properties under development and property, plant and equipment.

Segment assets exclude deferred tax assets and interest in subsidiaries as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

6. Segment information (continued)

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

Unallocated items mainly comprise financial and corporate assets, tax balances and corporate expenses.

Segment results represent the profit/(loss) of each segment without allocation of central administration costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

(i) Segment revenue and results

For the year ended 31 March 2010	**Property development** *HK$'000*	**Construction and maintenance** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue			
Revenues from external parties	**–**	**25,843**	**25,843**
Segment results	**(14,963)**	**(3,881)**	**(18,844)**
Interest income			**278**
Other income			**2,511**
Unallocated expenses			**(15,031)**
Loss before taxation			**(31,086)**

For the year ended 31 March 2009	Property development *HK$'000*	Construction and maintenance *HK$'000*	Consolidated *HK$'000*
Segment revenue			
Revenues from external parties	–	3,351	3,351
Segment results	–	298	298
Interest income			1,492
Other income			682
Unallocated expenses			(19,277)
Loss before taxation			(16,805)

6. Segment information (continued)

(ii) Segment assets and liabilities

For the year ended 31 March 2010	**Property development** *HK$'000*	**Construction and maintenance** *HK$'000*	**Consolidated** *HK$'000*
Assets			
Segment assets	**960,925**	**15,232**	**976,157**
Unallocated corporate assets			**39,323**
			1,015,480
Liabilities			
Segment liabilities	**426,111**	**24,609**	**450,720**
Unallocated corporate liabilities			**824**
Loss before taxation			**451,544**

For the year ended 31 March 2009	Property development *HK$'000*	Construction and maintenance *HK$'000*	Consolidated *HK$'000*
Assets			
Segment assets	166,964	20,803	187,767
Unallocated corporate assets			92,677
			280,444
Liabilities			
Segment liabilities	745	1,577	2,322
Unallocated corporate liabilities			250
Loss before taxation			2,572

6. Segment information (continued)

(iii) Other segment information

For the year ended 31 March 2010	**Property development** *HK$'000*	**Construction and maintenance** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Other information				
Capital additions	**3,201**	**341**	**1,021**	**4,563**
Depreciation	**367**	**165**	**60**	**592**

For the year ended 31 March 2009	Property development *HK$'000*	Construction and maintenance *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Other information				
Capital additions	4	314	50	368
Depreciation	–	148	2	150

7. Loss before taxation

Loss before taxation is arrived at after charging:

	2010 *HK$'000*	2009 *HK$'000*
Cost of services provided	**21,388**	3,053
Staff costs		
– Salaries and other benefits	**10,368**	3,872
– Retirement scheme contributions	**197**	113
	10,565	3,985
Directors' remuneration *(note 9)*	**2,304**	2,086
Auditors' remuneration		
– audit services	**250**	250
– non-audit services	**365**	170
Depreciation of property, plant and equipment	**592**	150
Impairment loss on other receivables	**–**	1,180
Loss on disposal of property, plant and equipment	**–**	84
Operating lease payments	**4,292**	4,435

8. Income tax

	2010	2009
	HK$'000	*HK$'000*
PRC enterprise income tax	**1,004**	–

No provision had been made for Hong Kong profits tax as the Group did not have any assessable profit for the current year (2009: Nil).

For the Group's subsidiaries established in the PRC, PRC enterprise income tax is calculated at the rate of 25% (2009: Nil).

The tax charge for the year can be reconciled to the loss reflected in the consolidated income statement as follows:

	2010	2009
	HK$'000	*HK$'000*
Loss before taxation	**(31,086)**	(16,805)
Notional tax charge on loss before tax, calculated at the tax rates applicable to profit in the jurisdictions concerned	**(3,969)**	(3,302)
Tax effect of non-taxable income	**(421)**	(236)
Tax effect on tax losses not recognised	**1,674**	1,446
Tax effect of non-deductible expenses	**3,720**	2,092
Income tax for the Year	**1,004**	–

No deferred tax has been recognised on loss for both years due to unpredictability stream of future taxable profits that will be available against which the tax losses can be utilised.

9. Directors' and employees' emoluments

(i) Directors' emoluments

The emoluments paid or payable to each of the 7 directors (2009: 17 directors) were as follows:

	Fees		Salaries and other benefits		Retirement schemes contributions		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Executive directors								
He Guang	**660**	481	**–**	–	**12**	–	**672**	481
Yu Xing Bao	**580**	–	**–**	–	**–**	–	**580**	–
Wong Kin Fai	**540**	398	**–**	–	**12**	9	**552**	407
Lin Xiong (resigned on 23 July 2008)	**–**	–	**–**	–	**–**	–	**–**	–
Chin Wai Kay, Geordie (resigned on 23 July 2008)	**–**	–	**–**	–	**–**	–	**–**	–
Sun Peng (resigned on 6 February 2009)	**–**	324	**–**	–	**–**	–	**–**	324
Pang Yuet (resigned on 6 February 2009)	**–**	311	**–**	–	**–**	–	**–**	311
Zhang Yi (resigned on 6 February 2009)	**–**	199	**–**	–	**–**	–	**–**	199
Non-executive directors								
Guo Dong	**125**	–	**–**	–	**–**	–	**125**	–
Ge Zemin (resigned on 20 February 2009)	**–**	91	**–**	–	**–**	–	**–**	91
Independent non-executive directors								
Chan Chi Yuen	**125**	–	**–**	–	**–**	–	**125**	–
Dai Chang Jiu	**125**	–	**–**	–	**–**	–	**125**	–
He Chuan	**125**	–	**–**	–	**–**	–	**125**	–
Wong Ying Sheung (resigned on 23 July 2008)	**–**	–	**–**	–	**–**	–	**–**	–
Yue Kwai Wa, Ken (resigned on 20 February 2009)	**–**	91	**–**	–	**–**	–	**–**	91
Lei Jian (resigned on 20 February 2009)	**–**	91	**–**	–	**–**	–	**–**	91
Hei Xue Yan (resigned on 20 February 2009)	**–**	91	**–**	–	**–**	–	**–**	91
	2,280	2,077	**–**	–	**24**	9	**2,304**	2,086

(ii) Three (2009: two) of the five individuals with the highest emoluments in the Group were directors of the Company. The emoluments of the two (2009: three) non-director individuals with the highest emolument are as follows:

	2010	2009
	HK$'000	*HK$'000*
Salaries and other benefits	**1,158**	1,850
Retirement scheme contributions	**12**	11
	1,170	1,861

9. Directors' and employees' emoluments (continued)

The emoluments of those two (2009: three) non-director individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2010	2009
Nil to HK$1,000,000	**2**	3

10. Dividend

No dividend has been paid or proposed for the Year (2009: Nil).

11. Loss per share

The calculations of the basic loss per share are based on the following data:

	2010	2009
	HK$'000	*HK$'000*
Loss for the year attributable to the equity holders of the Company	**(32,090)**	(16,805)
Number of shares	***'000***	*'000*
Issued ordinary shares at the beginning of the year	**5,681,559**	330,874
Effect of shares issued during the year	**2,863,973**	5,350,685
Weighted average number of ordinary shares used in the calculation of basic loss per share	**8,545,532**	5,681,559

Basic and diluted loss per share for the year ended 31 March 2010 have been presented as equal because the exercise price of the Company's share options was higher than the average market price for the Year and is therefore considered as anti-dilutive.

Diluted loss per share for the year ended 31 March 2009 has not been disclosed as there was no diluting events existed during the year ended 31 March 2009.

12. Property, plant and equipment

The Group

	Leasehold improvements *HK$'000*	**Office equipment** *HK$'000*	**Furniture and fixtures** *HK$'000*	**Motor vehicle** *HK$'000*	**Total** *HK$'000*
Cost:					
At 1 April 2008	398	99	39	–	536
Additions	253	18	97	–	368
Disposals	–	(71)	(41)	–	(112)
Exchange adjustments	10	2	2	–	14
At 31 March 2009 and 1 April 2009	661	48	97	–	806
Additions	647	1,072	–	2,844	4,563
Exchange adjustments	–	2	–	4	6
At 31 March 2010	1,308	1,122	97	2,848	5,375
Accumulated depreciation:					
At 1 April 2008	20	8	11	–	39
Provided for the year	122	16	12	–	150
Eliminated on disposals	–	(14)	(14)	–	(28)
Exchange adjustments	–	1	(4)	–	(3)
At 31 March 2009 and 1 April 2009	142	11	5	–	158
Provided for the year	239	79	19	255	592
Exchange adjustments	–	–	–	1	1
At 31 March 2010	381	90	24	256	751
Carrying amount:					
At 31 March 2010	927	1,032	73	2,592	4,624
At 31 March 2009	519	37	92	–	648

The directors considered the carrying amounts of property, plant and equipment at 31 March 2010 were not significantly different from their fair value at that date.

12. Property, plant and equipment (continued)

The Company

	Office equipment *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicle *HK$'000*	Total *HK$'000*
Cost:				
At 1 April 2008	–	–	–	–
Additions	9	41	–	50
At 31 March 2009 and 1 April 2009	9	41	–	50
Additions	33	–	360	393
At 31 March 2010	42	41	360	443
Accumulated depreciation:				
At 1 April 2008	–	–	–	–
Provided for the year	1	1	–	2
At 31 March 2009 and 1 April 2009	1	1	–	2
Provided for the year	7	8	39	54
At 31 March 2010	8	9	39	56
Carrying amount:				
At 31 March 2010	34	32	321	387
At 31 March 2009	8	40	–	48

The directors considered the carrying amounts of property, plant and equipment at 31 March 2010 were not significantly different from their fair value at that date.

13. Provisional tax payment

During the year ended 31 March 2010, a subsidiary of the Group was granted a subsidy of RMB75,000,000 (equivalent to HK$85,310,000) by the PRC local government as a financial support to the Group. Provisional tax was paid thereon.

14. Interests in subsidiaries

	The Company	
	2010	2009
	HK$'000	*HK$'000*
Unlisted shares/investments, at cost	**37,430**	23,430
Amounts due from subsidiaries	**515,377**	175,161
	552,807	198,591
Less: Impairment loss	**(13,993)**	(9,903)
	538,814	188,688

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

15. Properties under development

During the year ended 31 March 2010, the Group acquired the land use rights over a piece of land located in Hunan, the PRC, at the consideration of RMB608,000,000 (equivalent to approximately HK$689,940,000) and commenced its property development business.

Properties under development represent the acquisition costs of land use rights, design fee and other development expenses incurred as at 31 March 2010 in respect of the Group's property development projects in the PRC. The tender guarantee of RMB75,000,000 (equivalent to approximately HK$85,500,000) recognised under trade and other receivables as at 31 March 2009 was reclassified to conform with current year's presentation.

16. Trade and other receivables

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**733**	–	**–**	–
Deposits, prepayment and other receivables	**14,692**	993	**821**	825
	15,425	993	**821**	825

The Group's trading terms with its customers are mainly on credit where payment in advance is normally required. The credit period is generally 30 days to 90 days.

16. Trade and other receivables (continued)

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Neither past due nor impaired	**733**	–

17. Trade and other payables

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**20,599**	–	**–**	–
Accrued charges and other payables (Note a and b)	**344,630**	2,572	**554**	250
	365,229	2,572	**554**	250

Note:

(a) Included in other payables, there is an amount of RMB77,465,500 (equivalent to approximately HK$88,114,000) representing intent money for cooperation received by a subsidiary of the Group.

The principal terms of the proposed cooperation agreement have not been concluded. The Group has not yet commenced any relative work.

(b) Included in other payables, there is an amount of RMB215,534,500 (equivalent to approximately HK$245,162,000) representing balance payment of a land use right in relation to a piece of land in Wangcheng County, Changsha City, Hunan Province, the PRC.

18. Deferred income

During the year ended 31 March 2010, a subsidiary of the Group was granted a subsidy of RMB75,000,000 (equivalent to approximately HK$85,310,000) by the PRC local government as a financial support to the Group.

In accordance with the accounting policy of the Group, the government grant is deferred and will be released to the income statement in accordance with the development progress of the property development project.

19. Deferred taxation

The Group and the Company had no significant deferred tax assets or liabilities as at 31 March 2009 and 2010.

20. Share capital

	Number of shares		Amount	
	2010	2009	**2010**	2009
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised:				
Ordinary shares of HK$0.05 each				
– At beginning of the year	**20,000,000**	4,000,000	**1,000,000**	200,000
– Increase of authorised share capital (Note a)	**–**	16,000,000	**–**	800,000
	20,000,000	20,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
Ordinary shares of HK$0.05 each				
– At beginning of the year	**8,080,874**	330,874	**404,044**	16,544
– Issue of new ordinary shares by way of subscription (Note b)	**–**	6,000,000	**–**	300,000
– Issue of new ordinary shares by way of placing (Note b and c)	**800,000**	1,750,000	**40,000**	87,500
	8,880,874	8,080,874	**444,044**	404,044

Note:

(a) According to the restructuring scheme of the Group, the Company increased its authorised share capital to HK$1,000,000,000 of 20,000,000,000 ordinary shares during the year ended 31 March 2009.

(b) During the year ended 31 March 2009, 6,000,000,000 new ordinary shares were issued upon completion of the subscription exercise and 1,750,000,000 new ordinary shares were issued upon completion of the placing exercise. The total proceeds of approximately HK$387,500,000 were raised.

(c) During the year ended 31 March 2010, 800,000,000 new ordinary shares were issued upon completion of the placing exercise at HK$0.4 per share. The total proceeds of approximately HK$313,251,000 were raised. For further details, please refer to the Company's announcement dated 21 August 2009.

21. Reserves

	Share premium HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Share option reserve HK$'000	Reorganisation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2008	142,131	69,476	109	–	–	(602,213)	(390,497)
Transfer upon reorganisation	–	–	–	–	287,004	–	287,004
Issue of new shares by way of placing	(2,625)	–	–	–	–	–	(2,625)
Loss for the year	–	–	–	–	–	(20,434)	(20,434)
At 31 March 2009	139,506	69,476	109	–	287,004	(622,647)	(126,552)
Issue of new shares by way of placing	273,251	–	–	–	–	–	273,251
Recognition of equity settled share-based payment expenses *(note 22)*	–	–	–	4,673	–	–	4,673
Loss for the year	–	–	–	–	–	(19,906)	(19,906)
At 31 March 2010	412,757	69,476	109	4,673	287,004	(642,553)	131,466

22. Share option scheme

A share option scheme was approved and adopted by the shareholders of the Company at the extraordinary general meeting held on 21 January 2010 (the "Share Option Scheme"). There was no share options exercised, lapsed or cancelled during the year ended 31 March 2010. As at the date of this report, no share is available for issue under the Share Option Scheme. Details of the Share Option Scheme are set out on page 29 to page 33 of this report.

23. Retirement benefit schemes

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions at HK$1,000 or 5% of the relevant payroll costs, whichever is the lower, to the scheme. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

The employees of the Group's subsidiaries in the People's Republic of China are members of a state-managed retirement benefit scheme operated by the local government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

24. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Key management personnel represents the directors of the Group and their remunerations are set out in note 9 to the consolidated financial statements.

25. Operating lease

The Group as lessee

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Minimum lease payments paid under operating leases during the year are as follows:		
Premises	**4,256**	4,435

At 31 March 2010, the total future minimum lease payments under non-cancelable operating leases are as follows:

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Premises				
– Within 1 year	**1,615**	3,189	**853**	2,953
– After 1 year but within 5 years	**1,058**	892	**–**	853
	2,673	4,081	**853**	3,806

Leases are negotiated for two to five years (2009: two years) and the rentals are fixed during the relevant lease periods.

26. Contingent liabilities

At 31 March 2010, the Group and the Company did not have any contingent liabilities (2009: Nil).

27. Capital commitments

At 31 March 2010, the Group and the Company did not have any capital commitments (2009:Nil).

28. Summary of financial assets and financial liabilities by category

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2010 and 2009 are categorised as follows:

	2010	2009
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and bank balances)	**259,482**	279,796
Financial liabilities		
Financial liabilities measured at amortised cost	**366,234**	2,572

29. Financial risk and capital risk management

(a) Financial risk management

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The board of directors and management meet periodically to analyse and formulate strategies to manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not enter into any trade derivative financial instruments for speculative purposes.

The Group's major financial instruments include cash and bank deposits, trade and other receivables, tax payable and trade and other payables. Details of these financial instruments are disclosed in respective notes. The main risks associated with these financial instruments and the policies on how to mitigate these risks are set out below:

(i) Credit Risk

The carrying amounts of other receivables included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2010 in relation to its financial assets. A provision for impairment would be made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. No other financial assets carry a significant exposure to credit risk.

(ii) Currency Risk

The Group's main trading operations are in the PRC and have no significant exposure to any specific foreign currency other than Renminbi ("RMB").

29. Financial risk and capital risk management (continued)

(a) Financial risk management (continued)

(ii) Currency Risk (continued)

Sensitivity analysis

The following table details the group's sensitivity to a 5% (2009: 5%) increase and decrease in Hong Kong dollars against RMB. The sensitivity analysis includes outstanding foreign currency denominated monetary items. A positive number below indicates an increase in profit and other equity where the Hong Kong dollars strengthen 5% (2009: 5%). For a 5% (2009: 5%) weakening of the Hong Kong dollars against RMB, there would be equal and opposite impact on the profit and other equity and the balances below would be negative.

	The Group Impact of RMB	
	2010	2009
	HK$'000	*HK$'000*
Sensitivity rate	**5%**	5%
Effect on the components of equity (Note)	**14,703**	7,264

Note: This is mainly attributable to the exposure outstanding on receivables, payables and cash in banks denominated in RMB not subject to cash flow hedge at year end.

(iii) Liquidity Risk

The Group will consistently implement a prudent liquidity risk management and ensure that it maintains sufficient cash and cash equivalents to meet its liquidity requirements.

(iv) Fair Value of Financial Instruments

The fair value of 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 inputs. For an option-based derivative, the fair value is estimated using option pricing model (for example, Black-Scholes Model).

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

29. Financial risk and capital risk management (continued)

(b) Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the net debt-to-equity ratio. This ratio is calculated as debt divided by total equity. Debt represent current and non-current liabilities as shown in the consolidated statement of financial position. Total equity represents the equity as shown in the consolidated statement of financial position.

During 2010, the Group commenced its properties development business. The Group's strategy was unchanged from 2009 and was to maintain the net debt-to-equity ratio at a low level. The net debt-to-equity ratios at 31 March 2010 and 2009 are as follows:

	2010	2009
	HK$'000	*HK$'000*
Total debt	**451,544**	2,572
Total equity	**563,936**	277,872
Net debt-to-equity ratio	**80.1%**	0.9%

30. Particulars of subsidiaries

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

Name of subsidiary	Place of incorporation/ operation	Forms of legal entity	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the company Directly	Indirectly	Principal activities
Chuang Yu Holdings Limited	Hong Kong	Limited liability company	HK$1	100%	–	Investment holding
Dickson Construction Engineering (Guang Dong) Limited	The PRC	Wholly foreign owned enterprise	US$3,000,000	100%	–	Building contractors
Fujian Outlets City Corporation Limited	The PRC	Wholly foreign owned enterprise	US$30,000,000	–	100%	Properties development
Globe Outlets City Limited	British Virgin Islands	International business company	US$1	100%	–	Investment holding
Globe Outlets City Holdings Limited	Hong Kong	Limited liability company	HK$1	–	100%	Investment holding
Hunan Richly Field Outlets Real Estate Limited	The PRC	Wholly foreign owned enterprise	HK$200,000,000	–	100%	Properties development
Jiangxi Richly Town Construction Projects Co., Limited	The PRC	Wholly foreign owned enterprise	HK$10,000,000	–	100%	Building contractors
Richly Field (Beijing) Investment Consulting Co., Limited	The PRC	Wholly foreign owned enterprise	HK$4,000,000	–	100%	Building contractors
Richly Field Nanchang Holdings Limited	Hong Kong	Limited liability company	HK$1	100%	–	Investment holding
Richly Field Tianjin Holdings Limited	Hong Kong	Limited liability company	HK$1	100%	–	Investment holding
Wealthy Field Development Holdings Limited	British Virgin Islands	International business company	US$1	100%	–	Investment holding
Wealthy Field Development Limited	Hong Kong	Limited liability company	HK$1	–	100%	Investment holding

None of the subsidiaries had issued any debt securities as at 31 March 2010.

FIVE YEARS SUMMARY

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

Results

	For the year ended 31 March				
	2006	2007	2008	2009	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Turnover	339,429	36	11,037	3,351	**25,843**
Profit/(loss) attributable to					
– equity holders of the the Company	(750,897)	(4,113)	24,890	(16,805)	**(32,090)**
– minority interests	3	–	–	–	**–**
	(750,894)	(4,113)	24,890	(16,805)	**(32,090)**

Assets and Liabilities

	At 31 March				
	2006	2007	2008	2009	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	13,766	13,346	43,021	280,444	**1,015,480**
Total liabilities	(574,740)	(579,001)	(583,022)	(2,572)	**(451,544)**
Net assets	(560,974)	(565,655)	(540,001)	277,872	**563,936**