LeRoi Holdings Limited

(Incorporated in the Cayman Islands with limited liability)



Annual Report 2010

Stock Code: 221

LeRoi

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Chun Hong, Thomas
(Chairman & Managing Director)
Mr. Cheung Wai Kai
Mr. Wong Yiu Hung, Gary

Independent Non-executive Directors

Mr. Sin Ka Man
Mr. Yuen Kam Ho, George, *FHKIoD*
Mr. Cheung Sau Wah, Joseph, *PMSM*

AUDIT COMMITTEE

Mr. Sin Ka Man *(Chairman)*
Mr. Yuen Kam Ho, George, *FHKIoD*
Mr. Cheung Sau Wah, Joseph, *PMSM*

REMUNERATION COMMITTEE

Mr. Cheung Sau Wah, Joseph, *PMSM (Chairman)*
Mr. Sin Ka Man
Mr. Yuen Kam Ho, George, *FHKIoD*
Mr. Chan Chun Hong, Thomas
Mr. Cheung Wai Kai

NOMINATION COMMITTEE

Mr. Yuen Kam Ho, George, *FHKIoD (Chairman)*
Mr. Cheung Sau Wah, Joseph, *PMSM*
Mr. Sin Ka Man
Mr. Chan Chun Hong, Thomas
Mr. Cheung Wai Kai

COMPANY SECRETARY

Ms. Mak Yuen Ming, Anita

LEGAL ADVISERS

DLA Piper Hong Kong
Freshfields Bruckhaus Deringer
Morrison & Foerster

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
31/F, Gloucester Tower
The Landmark, 11 Pedder Street
Central
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
The Hongkong and Shanghai Banking
Corporation Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

HOMEPAGE

www.leroiholdings.com

STOCK CODE

221

Chairman's Statement

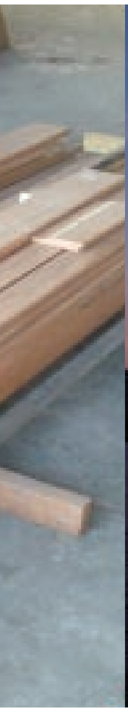
On behalf of the board of directors (the "**Board**" or "**Directors**") of LeRoi Holdings Limited (the "**Company**"), I am pleased to present to our shareholders the audited consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2010.

For the year ended 31 March 2010, the Group recorded a net profit after tax attributable to equity holders of approximately HK$37.3 million as compared to the loss of approximately HK$206.0 million in the previous financial year, though the turnover for the financial year ended 31 March 2010 dropped slightly by approximately 4.5% to approximately HK$59.0 million. The profit was mainly attributable to the surplus arising from the acquisition of forestry and logging operations in Papua New Guinea ("**PNG**") and the revaluation gain of prepaid lease payments relating to the Group's property projects located in the People's Republic of China (the "**PRC**"). Moreover, the rapid recovery of the global economy in the second quarter of 2009 also enhanced the performance of the Group for the year under review.

The completion of the acquisition of forestry project in Nuku, Maimai, PNG in October 2009 enables the Company to diversify its business into natural resources. The Group made strategic acquisition of other high quality forest in PNG and achieved significant progress in the development of its forestry and logging operations and started trading of agricultural products in PNG during the year under review.

At present, the estimated saleable timber volume of the Group in PNG in aggregate is approximately 5.9 million cubic metres with around 238,000 hectares. Given the price and demand of timber will inevitably increase in the long-run due to the widely use of timber products in various aspects in construction, interior decoration and furniture, the acquisitions enhance the profitability and provide rooms for growth of the Group as well as offering opportunity for the Group to diversify its business into a new area of high-growth potential. The Group will continue to evaluate the situation from time to time and explore any other potential opportunities in expanding its natural resources business and identifying high quality forests in the Asia Pacific region in the future.

During the past year, significant progress has been made in the two residential cum commercial complex property development projects of the Group. The first phase of development at the site in Dongguan, Guangdong Province has a construction area of approximately 900,000 square feet and the one in Fuzhou, Jiangxi Province has a construction area of approximately 520,000 square feet. Land-use plannings for both of the Group's project sites in the PRC were approved, the construction permits were granted by the relevant authorities and construction commenced in March 2010.



Following the completion of the construction work, it is expected that the sale of these properties at the projects will be one of the key growth drivers for the Group in the future.

The long-term urbanisation plan of the PRC government has brought increased demand for high quality housing in the urban cities. Gaining an entry into the PRC property development industry marks a significant business diversification of the Group. We expect to ride on the urbanisation in the PRC by building up our property development portfolio, so as to provide a sustainable and powerful source of income to the Group.

Turning to the Group's operation in the fresh pork meat retailing segment, as at 31 March 2010, the Group owns a total of 17 fresh pork meat stalls in Hong Kong which contributed a turnover of approximately HK$59.0 million and generated a steady income and cash flow for the Group under its own brand during the year under review. It is expected that such business will continue to be profitable and generate significant income for the Group.

Looking forward, the Board is optimistic about the rapid economic recovery and the continued business growth in 2010 in the PRC and the Asia Pacific region. Leveraging on the expected significant contribution from the Company's natural resources operation in PNG and the progressive pace of the PRC property development projects in Dongguan and Fuzhou, the Board is confident that the business performance and profitability of the Group will be further improved in the coming years.

On behalf of the Board, I would like to express my heartfelt gratitude to our management team and all our staff for their hard work and contribution to the Group during the past year. I would also like to extend my sincere gratitude to our shareholders, institutional investors, customers, clients and suppliers for their continuous support and confidence in the Group.

Chan Chun Hong, Thomas
Chairman and Managing Director
Hong Kong, 5 July 2010




PORT MORESBY INTERNATIONAL

Management Discussion and Analysis

FINANCIAL RESULTS

For the year ended 31 March 2010, the Group recorded a turnover of approximately HK$59.0 million (2009: approximately HK$61.8 million), representing a slight decrease of approximately 4.5% as compared with last year. It was mainly due to the competitive business environment in the fresh food market in Hong Kong. Gross profit margin, however, increased from approximately 37% to approximately 41% mainly due to the increase in the sale price of fresh pork meat. The Group's net profit after tax attributable to equity holders for the year was approximately HK$37.3 million (2009: loss of approximately HK$206.0 million), which was attributable to the surplus arising from the Group's acquisition of forestry and logging operations in PNG which was accounted for as "Excess of acquirer's interest in the net fair value of acquiree's identifiable net assets" and to the revaluation gain of prepaid lease payments relating to the Group's property projects in the PRC.

DIVIDEND

No interim dividend was paid to the shareholders of the Company during the year under review (2009: nil). The Directors do not recommend any final dividend for the year ended 31 March 2010 (2009: nil).

OPERATION AND BUSINESS REVIEW

During the year under review, the Group was principally engaged in the businesses of forestry and logging operations, property development in the PRC and retailing of the fresh pork meat and related produce in Hong Kong.

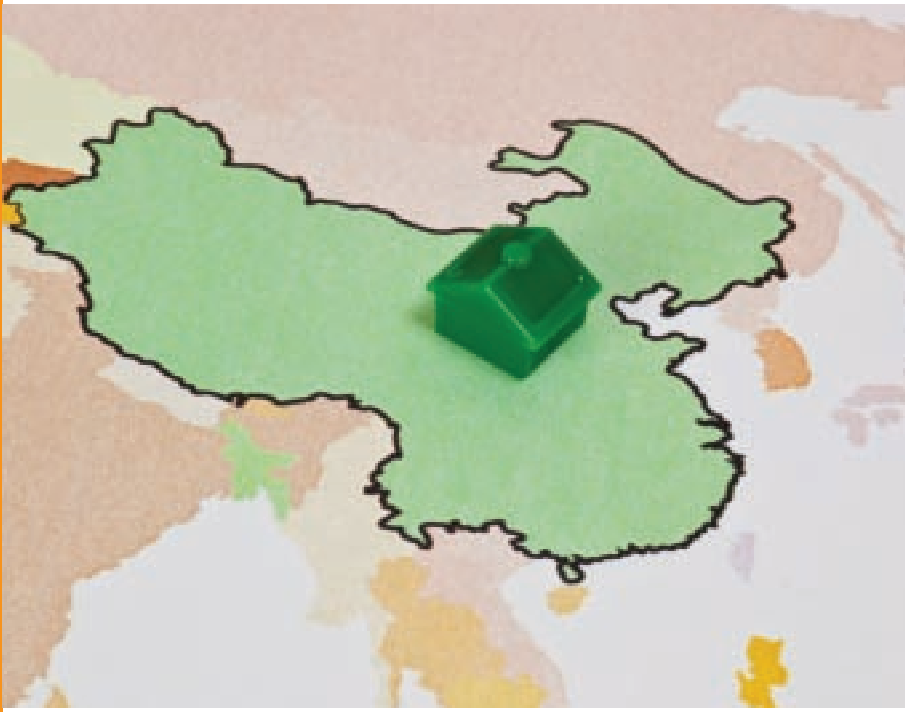
Natural Resources Business in PNG

The Group completed its acquisition of a forestry project in PNG in October 2009. Agriculture and forestry are the second biggest and third largest economic sectors, respectively, in PNG. PNG, a country in Oceania, lies just below the equator in the eastern South Pacific occupying the eastern half of the island of New Guinea and numerous offshore islands. It is located approximately 200 kilometres away from the north point of Australia. PNG, with English as one of its official languages, gained its independence from Australia in 1975 and is one of the Independent Commonwealth Countries. PNG has around 6.7 million people in 2009, with a total land area of approximately 463,000 square kilometres. The climate is typically monsoonal with hot and humid with defined wet in winter and dry in summer seasons, PNG's annual rainfall is in the range of 2,000 to 3,400 mm, which provides a good environment for forestry. Temperature in coastal regions can vary from 23° to 30° Celsius. The Group's project is located in Nuku district, in the western part of PNG, in which 90% of its population is reliant on the subsistence farming.

The Group's project is licensed to carry on business in timber logging, growing cereals and the plantation of oil palm and teak. The project covers an area of approximately 238,000 hectares of land with an estimated saleable 5.9 million cubic metres of timber wood in Nuku district, PNG. An international well known professional expert in forestry consultant, PT Pöyry Forest Industry Pte ("**Pöyry**") confirmed that the PNG project has good potential of plentiful forest resource and may provide a long term benefit to the Group. With reference to the technical study prepared by Pöyry, our site has over 75 tree species, including valuable spices, such as pometia pin, celtis, intsia, terminalia spp, canarium ind... etc. and is valued at approximately HK$417 million as at 31 March 2010. Whilst PNG is a major timber producing country, PNG-made furniture has also found appreciative markets in Western Europe, Australia and New Zealand. The steady price together with an increasing demand of timber in Europe, the PRC and the Asia Pacific gives confidence to the Group in the logging business and the timber trading market.

During the year under review, the Group commenced its investment in the business of forestry and logging operations in PNG by acquiring a controlling interest in a logging and forestry project there, and has been exploring opportunities to expand such business. At the end of June 2010, the Group commenced its logging and started supplying timbers for domestic consumptions. It is expected that the Group will commence timbers export once the necessary licenses have been granted by the relevant authorities in the forthcoming months. Apart from that acquisition, the Group has been proactively looking for other strategic partners and other potential acquisition targets which own concession rights for timber logging in PNG.

Besides the logging business, the Group is also actively looking for investment opportunities in other business in PNG, including the trading of agricultural products, such as cocoa bean and vanilla which are the major types of agricultural products traded in PNG. At the moment, there are over 1,000,000 cocoa trees grown by more than 3,000 farmers at Nuku district in PNG. This number of cocoa trees translates to over 1,300 hectares of cocoa plantation with an annual production capacity of around 1,200 tonnes of wet cocoa beans or around 480 tonnes of dried cocoa beans. Leveraging on experience gained in the forestry business in PNG, the management believes that it will bring a satisfactory results to the Group.

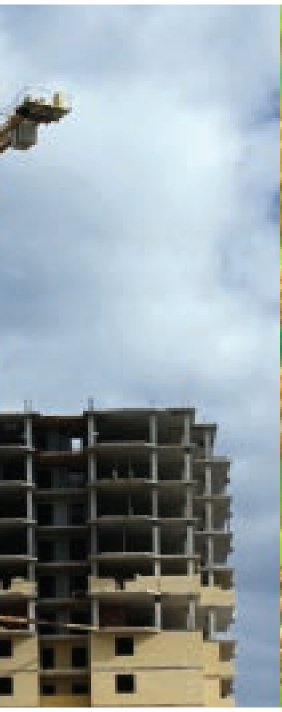


Property Development

As at 31 March 2010, the Group held over 3.09 million square feet sites area of residential and commercial land reserves in two projects in the PRC. The Group obtained construction permits for these projects which are now in their construction stages. The Group plans to develop the land reserves over the coming years. As of the date of this report, the details of the Group's two property development projects in the PRC are as follows:

City/Province	Percentage ownership interest	Approximate site area *(square feet)*	Approximate first phase sale area *(square feet)*	Development plan
Fuzhou, Jiangxi Province	100%	2,400,000	520,000	Residential cum commercial complex
Dongguan, Guangdong Province	100%	690,000	900,000	Residential cum commercial complex
Total		**3,090,000**	**1,420,000**	

The Group expects to commence pre-sales in these two projects in mid 2011. The Group continues to consider acquiring other potential projects to replenish the Group's land reserve in the PRC.



Retail of Fresh Pork Meat and Related Produce

The sale of fresh pork meat and related produce in Hong Kong continued to generate steady income and cash flow for the Group during the year under review. The number of stalls remained at 17 as at 31 March 2010. Fresh pork meat and related produce sales will continue to be the Group's main income stream and contribute significant and stable cashflow to the Group.

Investment in China Agri-Products Exchange Limited ("China Agri-Products")

At the beginning of the year under review, the Group held approximately 28.5% of the issued share capital of China Agri-Products, a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and which at that time was accounted for as an associate of the Company. The Group's interest in China Agri-Products has been diluted to approximately 6.4% upon completion of China Agri-Products' share placements in June 2009 and April 2010. The Board considers that our investment in China Agri-Products should still be accounted for as a long-term investment of the Group. During the year, the Group shared a loss of approximately HK$48.1 million in China Agri-Products which was mainly attributable to the drop in turnover and certain impairment loss of intangible assets of China Agri-Products.

MATERIAL ACQUISITIONS AND DISPOSALS

Acquisition of 51% effective interest in Skywalker Global Resources Company Limited ("Skywalker")

On 12 June 2009, the Group entered into a legally binding memorandum of understanding (the "**MOU**") with independent third parties (the "**Vendors**") to acquire 51% of the issued share capital of Skywalker for a cash consideration of HK$36.8 million (the "**Acquisition**"). On 13 July 2009, the Group and the Vendors entered into a formal sale and purchase agreement in accordance with the principal terms of the MOU. On 12 October 2009, the Group and the Vendors entered into a supplemental agreement and agreed, among others, to revise the cash consideration of the Acquisition to HK$35.3 million. The Acquisition was completed on 12 October 2009. The principal business of Skywalker and its subsidiaries is timber forestry and logging operations and management in PNG. Skywalker has the right to extract tree logs from 238,000 hectares of forest in PNG, subject to obtaining logging and export licenses from the PNG authorities.

SIGNIFICANT CORPORATE EVENTS

On 19 August 2009, the Company and Wai Yuen Tong Medicine Holdings Limited ("**WYT**"), a substantial shareholder of the Company, jointly announced that a voluntary conditional partial share exchange offer (the "**Offer**") was to be made by WYT, through its wholly-owned subsidiary, to acquire certain amount of shares in the capital of the Company from other shareholders of the Company. Details of the Offer were set out in the composite document which was jointly issued by WYT and the Company on 9 October 2009. On 13 November 2009, the Offer became unconditional in all respects. Upon completion of the Offer, WYT and parties acting in concert with it together had interest in 3,768,835,000 shares in the Company, representing 49% of the entire issued share capital of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 31 March 2010 were approximately HK$1,207.8 million (2009: approximately HK$711.5 million) which were financed by total liabilities and total equity of approximately HK$496.2 million (2009: approximately HK$224.7 million) and approximately HK$711.6 million (2009: approximately HK$486.8 million), respectively. Current ratio decreased from approximately 12 times in 2009 to approximately 2 times in 2010 mainly due to accrual of the balance of the consideration payable to the Vendors for the Acquisition. As at 31 March 2010, the Group did not have any exposure to bank borrowings. During the year under review, the outstanding 3% convertible bonds with the amount of HK$190.0 million issued by the Company to Gain Better Investments Limited ("**Gain Better**"), the substantial shareholder of the Company, has been changed its nature to the loan. Moreover, Gain Better granted an additional loan of HK$10 million to the Group and the total outstanding loan became HK$200 million. Besides, the Group has been granted further loans of HK$95 million from a related company.

Exposure to Fluctuation in Exchange Rates

The revenue and bank deposits of the Group are mainly denominated in Renminbi ("**RMB**"), Hong Kong dollars and PNG Kina . The operating costs are mainly denominated in Hong Kong dollars, RMB and Kina. The Group has exposure to the risk of exchange rate's fluctuations for RMB on account of its property investments in mainland China and for Kina on account of its cost of forestry operations, but the impact of foreign currency is not material to the Group. The Group has not employed any hedging instruments or derivative products. In order to minimise the exchange rate risk of RMB and Kina, the Group will make use of local bank borrowings in RMB to finance the construction projects and utilise the proceeds from the sales of residential and commercial projects to repay the RMB bank borrowings.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2010, the Group employed a total of 69 employees (2009: 54). The Group has adopted a performance based reward system to motivate the staff and such system is reviewed on a regular basis. The shareholders of the Company adopted a share option scheme (the "**Share Option Scheme**") on 8 October 2002 which is in compliance with Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). As at 31 March 2010, no share option had been granted and exercised under the Share Option Scheme.

CONTINGENT LIABILITIES AND CHARGE ON ASSETS

As at 31 March 2010, the Group had no significant contingent liability (2009: Nil) and there was no asset being pledged to secure banking facilities (2009: Nil).

CAPITAL COMMITMENT

The Group's capital commitment as at 31 March 2010 amounted to approximately HK$313.6 million (2009: nil).

FUTURE PLANS AND PROSPECTS

Looking forward, we would focus our resources on the development of the Group's forestry and logging operations in PNG, streamlining and refining its operations in order to improve its efficiency and will continue to explore potential forestry acquisition opportunities in the Asia Pacific region. At the same time, key milestones for the Group's property development business will be the commencement of pre-sale of the Group's two property projects in the PRC. The Directors believe that the Group's diversification into natural resources development will deliver long-term benefits to shareholders and will continue to identify other strategic business expansion opportunities.

Board of Directors and Senior Management

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. Chan Chun Hong, Thomas, aged 46, joined the Group as the managing Director in January 2007 and is also appointed to take up the role of the chairman of the Company in June 2008. He is also a member of the remuneration committee and nomination committee of the Company. He is responsible for overall strategy formulation, policy making, managing the corporate matters and overall operations of the Group. He graduated from the Hong Kong Polytechnic University with a bachelor degree in accountancy and is a fellow member of The Association of Chartered Certified Accountants and an associate member of The Hong Kong Institute of Certified Public Accountants. He is also managing director of Wang On Group Limited ("**WOG**"), WYT, the chairman of China Agri-Products and an independent non-executive director of Shanghai Prime Machinery Company Limited, all companies are listed on the main board of the Stock Exchange.

Mr. Cheung Wai Kai, aged 54, was appointed as an executive Director in January 2007. He is also a member of the remuneration committee and nomination committee of the Company. Mr. Cheung is responsible for general management and business management of the Group in which he has extensive experience.

Mr. Wong Yiu Hung, Gary, aged 53, was appointed as an executive Director in February 2008. He has over 28 years of experience in property development, leasing, sales and marketing. Prior to joining the Group, Mr. Wong was a general manager of the property development of WOG, a company listed on the main board of the Stock Exchange. Mr. Wong previously held various senior positions in several local property development companies, including a renowned listed property developer in Hong Kong.

Independent Non-executive Directors

Mr. Sin Ka Man, aged 43, joined the Company as an independent non-executive Director in January 2007. He is the chairman of audit committee of the Company and a member of remuneration committee and nomination committee of the Company. He has over 18 years of professional experience in auditing, accounting and financial management for both private and listed corporations. Mr. Sin is a certified public accountant of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a certified practising accountant of the CPA Australia. Mr. Sin holds a bachelor degree in Social Sciences from the University of Hong Kong, a master degree in Finance from the University of Strathclyde, the United Kingdom and a master degree in accounting from Curtin University of Technology, Australia. Mr. Sin is also an independent non-executive director of Chinese People Holdings Company Limited, Xtep International Holdings Limited and China Motion Telecom International Limited, all companies are listed on the Stock Exchange, and Sino Haijing Holdings Limited, a company listed on The Growth Enterprise Market of the Stock Exchange.

Mr. Yuen Kam Ho, George, FHKIoD, aged 66, joined the Company as an independent non-executive Director in March 2007. He is a member of audit committee and remuneration committee of the Company and the chairman of nomination committee of the Company. Mr. Yuen is currently an independent non-executive director of Industrial and Commercial Bank of China (Asia) Limited and Tradelink Electronic Commerce Limited, both are the Hong Kong listed companies. He graduated from The University of Hong Kong with a Bachelor's Degree (Honors) in Economics and Political Science. Mr. Yuen has attended post-graduate studies in marketing management at the International Marketing Institute, Cambridge, Massachusetts, U.S.A. and has completed the Hong Kong Administrators Course (commissioned by the Hong Kong Government) in public administration and international relations at Oxford University, the United Kingdom, and the International Executive Program in INSEAD, France respectively. In June 2003, Mr. Yuen was admitted to the Leadership in Development Program organised by Kennedy School of Government, Harvard University. In June 2004, Standford University, California, U.S.A. had also invited Mr. Yuen to participate in its "Corporate Governance" forum and in early 2006 the University awarded a fellowship to Mr. Yuen as a non-profit leader at its Centre for Social Innovation. Mr. Yuen had been Chief Executive of The Better Hong Kong Foundation for nine years since September 1997. Prior to his joining the Foundation, he was the Assistant Director/Acting Deputy Director of the Information Services Department of the Hong Kong Government. Mr. Yuen plays an active role in organising international business conferences in Hong Kong and also takes part in numerous government and community activities, including being a board member of the East-west Strategic Development Commission and a Special Adviser of the China National Committee for Pacific Economic Cooperation (PECC China). Mr. Yuen was the Panel member of the Central Policy Unit of the HKSAR Government on the Pan-Pearl River Delta between 2003 and 2007. Mr. Yuen is currently a member of The Chinese People's Political Consultative Conference, Guangxi Autonomous Region, China, an adviser of the Institute of Finance and Trade Economics, Chinese Academy of Social Sciences, an adviser of The Shanghai Academy of Social Sciences, China, an adviser of The Board of International Investment of Guangzhou Municipality, China. Mr. Yuen is a Fellow of the Hong Kong Institute of Directors, a member of the British Institute of Management and the Institute of Marketing, U.K., and was also commended by the U.S. President, George W. Bush for his efforts in support of coalition's campaign against global terrorism.

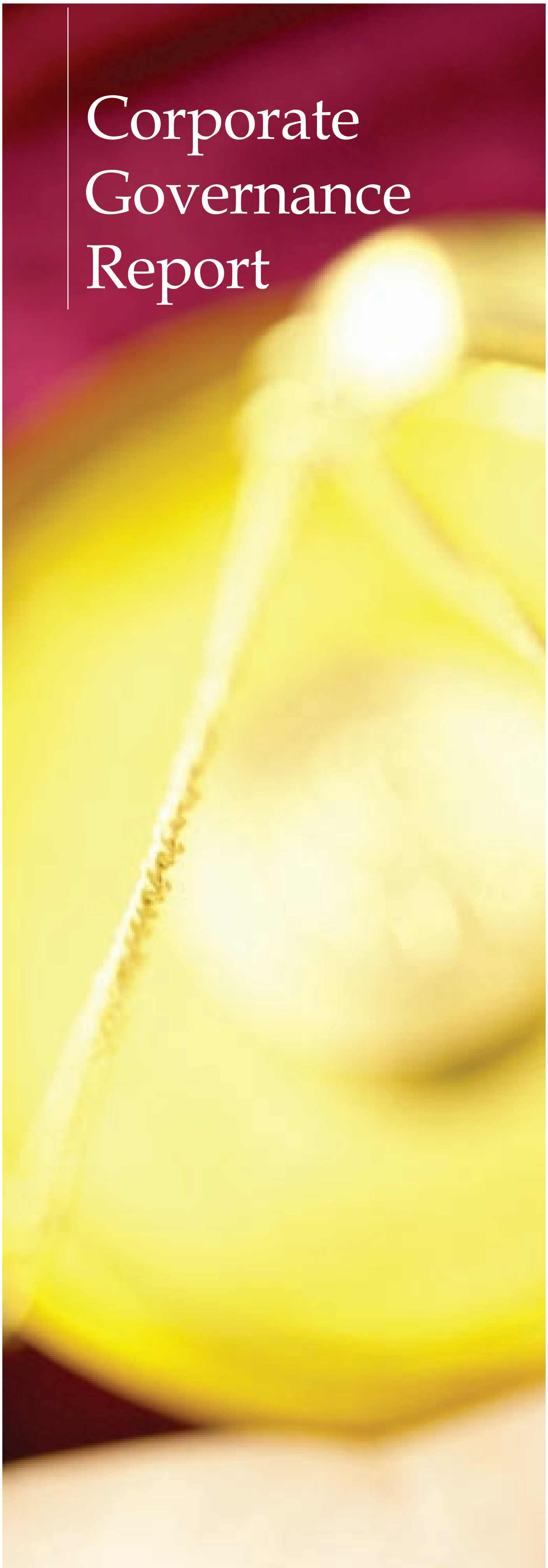
Mr. Cheung Sau Wah, Joseph, PMSM, aged 58, joined the Company as an independent non-executive Director in March 2007. He is a member of audit committee and nomination committee of the Company and the chairman of remuneration committee of the Company. Mr. Cheung served in Hong Kong Police Force over 35 years and retired in November 2006 as a Senior Superintendent of Police. He was awarded a Police Meritorious Service Medal (PMSM) in 2003 by the Chief Executive of the Hong Kong SAR for his consistent outstanding performance in the Hong Kong Police Force.

Senior Management

Mr. Wong Wai Kwok, Tony is the Financial Controller of the Group. Mr. Wong holds a Bachelor degree of Science from The University of New South Wales, a Master degree in Professional accounting and a Master degree in Business Law from Monash University, and a Master degree in Business Administration from Deakin University. Mr. Wong is a practicing member of Hong Kong Institute of Certified Public Accountants and an associate member of The Hong Kong Institute of Chartered Secretaries. Mr. Wong is a holder of Chartered Financial Analyst and a holder of Chartered Accountant in Australia. Prior to joining the Group, Mr. Wong has over 17 years' experience in corporate finance, investment advisory, mergers and acquisitions, accounting and company secretary from investment bank, listed companies and international accounting firms.

Mr. Pang Mo Chiu, Chris is the Senior Business Development Manager of the Group. He holds a Master Degree of Management (Logistics & Operations Management) from Macquarie University — Australia and a Bachelor Degree in Business Administration in RMIT University — Australia respectively. Prior to joining the Group, he had over 15 years' experience in retails operation and management in Hong Kong and the PRC.

Corporate Governance Report



CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining a high standard of corporate governance. The Board recognises that such commitment is essential in upholding accountability and transparency and to achieve a balance of interests between the shareholders, customers, creditors, employees as well as other stakeholders.

To ensure compliance with the Code on Corporate Governance Practices (the "**CG Code**") as set out in Appendix 14 to the Listing Rules, the Board periodically reviews and proposes necessary amendments so as to maintain the high standard of corporate governance. The Company had complied with the code provisions set out in the CG Code throughout the year ended 31 March 2010 except for the following deviation:

Code provision A.2.1

Under code provision A.2.1, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

Mr. Chan Chun Hong, Thomas currently takes up the roles of chairman and managing Director and is responsible for overall corporate planning, strategic policy making and managing of day-to-day operations of the Group. The Company does not propose to comply with code provision A.2.1 for the time being but will continue to review such non-compliance to enhance best interest of the Company and its shareholders as a whole.

Details of such non-compliance are set out below in the section headed "Roles of Chairman and Managing Director" of this report.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors of the Company, the Directors confirmed that they had complied with the required standards set out in the Model Code throughout the year under review.

To comply with code provision A.5.4 of the CG Code, the Company also adopted a code of conduct regarding securities transactions on no less exacting terms than the Model Code by the relevant employees of the Company or any of its subsidiaries who are considered likely to be in possession of unpublished price sensitive information in relation to the Company or its securities.

BOARD OF DIRECTORS

As at the date of this report, the Board currently comprises three executive Directors and three independent non-executive Directors. The Directors during the year and up to the date of this report were:

Executive Directors:
Mr. Chan Chun Hong, Thomas *Chairman and Managing Director*
Mr. Cheung Wai Kai
Mr. Wong Yiu Hung, Gary

Independent Non-executive Directors:
Mr. Sin Ka Man
Mr. Yuen Kam Ho, George
Mr. Cheung Sau Wah, Joseph

The biographical details of the Directors are set out on pages 14 to 16 of this annual report.

The Board possesses a balance of skills and experience which are appropriate for the continuous development of the businesses of the Company. The opinions raised by the independent non-executive Directors at Board meetings facilitate the maintenance of good corporate governance practices. At least one of the independent non-executive Directors has the appropriate professional qualification and/or accounting and audit experience expertise as required by Rules 3.10(1) and (2) of the Listing Rules. A balanced composition of executive and non-executive Directors also generates a strong independent element on the Board, which allows for an independent and objective decision making process for the best interests of the Company. The Company will review the composition of the Board regularly to ensure the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs of growth of the Group's businesses.

All independent non-executive Directors are appointed with specific term and subject to retirement by rotation and, being eligible, offer themselves for re-election at the annual general meetings in accordance with the articles of association of the Company.

All existing independent non-executive Directors are free from any business or other relationship with the Company. The Company has received from each of the existing independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company continues to consider the three independent non-executive Directors to be independent.

The Board's primary functions are to set corporate policy and overall strategy for the Group and to provide effective oversight of the management of the Group's businesses and affairs. Apart from its statutory responsibilities, the Board also approves, among others, strategic plans, key operational issues, investments and loans, reviews the financial performance of the Group and evaluates the performance and compensation of senior management. These functions are either carried out directly by the Board or indirectly through committees established by the Board.

The Board, which meets at least four times a year with additional meetings arranged when necessary, has a schedule of matters reserved for its approval. The specific responsibility reserved for the Board includes matters in relation to the strategy and overall management of the Group including but not limited to capital, corporate and control structures, financial reporting and controls, internal control, major capital projects and contracts, communication with the shareholders and the Group's overall corporate governance arrangements. Some other specific duties are delegated to respective committees. At least 14 days notice for each regular meeting is given to all Directors. Agendas and accompanying Board papers are sent to all Directors before the date of a Board meeting to ensure that Directors are given sufficient time to review the same. All such minutes of Board meetings and committee meetings are kept by the company secretary of the Company and are open for inspection at any reasonable time on reasonable notice by any Director.

During the year, four Board meetings were held and the attendance of each Director is set out below:

Directors	Attendance
Mr. Chan Chun Hong, Thomas	4/4
Mr. Cheung Wai Kai	4/4
Mr. Wong Yiu Hung, Gary	4/4
Mr. Sin Ka Man	4/4
Mr. Yuen Kam Ho, George	4/4
Mr. Cheung Sau Wah, Joseph	4/4

ROLES OF CHAIRMAN AND MANAGING DIRECTOR

Mr. Chan Chun Hong, Thomas has been appointed as managing Director of the Company since January 2007. Mr. Chan currently takes up the roles of chairman and managing Director and is responsible for overall corporate planning, strategic policy making and managing of day-to-day operations of the Group. Mr. Chan has extensive experience in the industry which is of great value to overall development of the Group. The Company does not propose to comply with code provision A.2.1 for the time being as the Board considers that the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals with a balance of skills and experience appropriate for the development of the Group. The current structure also allows flexibility and enhances the efficiency of decision-making process in response to the constantly changing competitive environment.

The Board will continue to review and recommend such proposals, as appropriate, in aspect of such non-compliance or other aspects in order to enhance the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate the greatest returns for the shareholders of the Company.

BOARD COMMITTEE

The Board has established various committees, including audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**"), each of which has the specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the company secretary of the Company, are circulated to all Board members. Each committee is required to report to the Board on its decision and recommendations where appropriate.

Audit Committee

The Audit Committee was established on 8 October 2002 with specific written terms of reference in accordance with the scope of duties stated in the provisions of the CG Code for the purposes of reviewing the Group's financial reporting, internal control and making relevant recommendations to the Board.

Pursuant to the provision C.3.3 of the amended CG Code effective from 1 January 2009, the terms of reference of the audit committee are required to oversee the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budgeting. Accordingly, the terms of reference of the Audit Committee of the Company have been revised in accordance with the amended CG Code and adopted by the Board effective from 25 March 2009.

The principal duties of the Audit Committee include making recommendations to the Board in relation to the appointment, re-appointment of the external auditors and its independence; reviewing the interim and annual financial statements and reports and consider any significant or unusual items raised by the external auditors before submission to the Board; and reviewing the effectiveness of the Company's financial reporting system, internal control system and its associated procedures.

In addition to the above, the Audit Committee has also reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes are budget at its committee and it is provided with sufficient resources to discharge its duties and has aware to independent professional advice according to the Company's policy if considered necessary during the year.

During the year under review, the Audit Committee comprises three independent non-executive Directors, namely Mr. Sin Ka Man (Chairman), Mr. Yuen Kam Ho, George and Mr. Cheung Sau Wah, Joseph who together have substantial experiences in the fields of accounting, business, regulatory affairs and corporate governance.

The Audit Committee shall meet at least twice a year. Two Audit Committee meetings were held during the year and the attendance of each member is set out as follows:

Members of the Audit Committee	Attendance
Mr. Sin Ka Man *(Chairman)*	2/2
Mr. Yuen Kam Ho, George	2/2
Mr. Cheung Sau Wah, Joseph	2/2

The existing members of the Audit Committee had reviewed with the management and the external auditors the audited consolidated financial statements for the year ended 31 March 2010.

Remuneration Committee

The Board set up the Remuneration Committee in July 2005 with specific written terms of reference which deal with its authority and duties. It currently consists of five members, including Mr. Cheung Sau Wah, Joseph (Chairman), Mr. Yuen Kam Ho, George, Mr. Sin Ka Man, Mr. Chan Chun Hong, Thomas and Mr. Cheung Wai Kai, a majority of whom are independent non-executive Directors.

The Remuneration Committee's role is to make recommendation to the Board on the remuneration policy and structure for Directors and senior management and to ensure that they are fairly rewarded for their respective contributions to the Group's overall performance while due having regard to the interests of shareholders. The principal duties of the Remuneration Committee include determining the specific remuneration packages of all executive Directors and senior management as well as reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. No Director or any of his associates may be involved in making any decisions as to his own remuneration.

The Remuneration Committee shall meet at least once a year. During the year, one Remuneration Committee meeting was held to review the remuneration packages of all Directors and senior management and the attendance of each member is set out as follows:

Members of the Remuneration Committee	Attendance
Mr. Cheung Sau Wah, Joseph *(Chairman)*	1/1
Mr. Yuen Kam Ho, George	1/1
Mr. Sin Ka Man	1/1
Mr. Chan Chun Hong, Thomas	1/1
Mr. Cheung Wai Kai	1/1

The remuneration payable to the Directors will depend on their respective contractual terms under their employment contracts or service contracts and the same were reviewed by the Remuneration Committee. Details of the Directors' remuneration are set out in note 10 to the financial statements.

Nomination Committee

The Nomination Committee was established in October 2007 and currently consists of five members, including Mr. Yuen Kam Ho, George (Chairman), Mr. Cheung Sau Wah, Joseph, Mr. Sin Ka Man, Mr. Chan Chun Hong, Thomas and Mr. Cheung Wai Kai, a majority of whom are independent non-executive Directors.

The nomination Committee has adopted a written terms of reference stipulating criteria for the selection and recommendations to the Board on the appointment of Directors, evaluation of board composition and the management of board succession with reference to certain guidelines as endorsed by the Committee. These guidelines include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, and time commitments of members. The Nomination Committee carries out the process of selecting and recommending candidates for directorship including the consideration of referrals and engagement of external recruitment professionals when necessary.

During the year, the Nomination Committee did not hold any meeting.

EXTERNAL AUDITORS' REMUNERATION

During the year, the remuneration paid/payable to the Company's external auditors, HLB Hodgson Impey Cheng ("**HLB**"), in respect of audit services and non-audit services are set out as follows:

Services rendered for the Group	Approximate Fees paid/ payable to HLB HK$'000
Audit services: — annual financial statements	950
Non-audit services: — other professional services	150

COMMUNICATION WITH SHAREHOLDERS

The Company always adheres to high standard with respect to the disclosure of its financial positions.

The Company uses a number of formal communication channels to disseminate to shareholders regarding the performance of the Company in a timely manner. These include the publication of annual report, interim report, periodic company announcements and circulars through websites of the Stock Exchange, as well as the Company. In order to provide effective and timely disclosure to investors and potential investors, information considered to be of a price sensitive nature is released by way of formal public announcements as required by the Listing Rules.

The Company also acknowledges that general meetings including annual general meeting, are valuable forums for the Board to communicate with the shareholders directly and members of the Board and committee are encouraged to attend and answer questions at the general meetings.

INTERNAL CONTROL

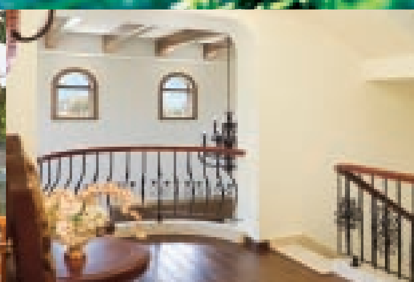
Internal control systems have been designed to allow the Board to monitor the Group's overall financial position, to protect its assets and to assure against material financial misstatement or loss. It is the responsibility of the Board to maintain the internal control systems of the Group. During the year, the Board has conducted a review of the effectiveness of internal control systems of the Group. The Board's annual review for the ensuing year will further cover the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget. The Board satisfied that they were in compliance with the Group's policies.

RESPONSIBILITY FOR PREPARATION AND REPORTING OF ACCOUNTS

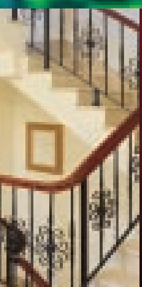
The Directors acknowledge their responsibilities for preparing the accounts which were prepared in accordance with statutory requirements and applicable accounting standards. A statement by the auditors about their reporting responsibilities is set out on pages 33 to 34 of this annual report.

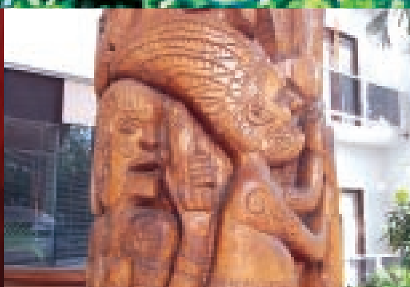
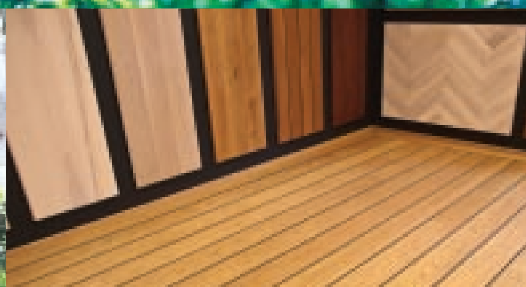
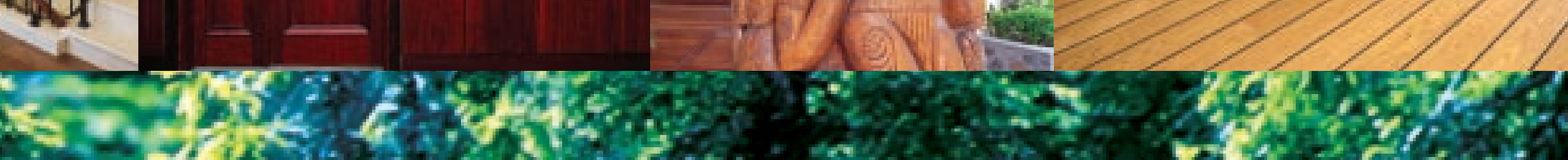
There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.







Report of the Directors

The Directors present their report and the audited consolidated financial statements of the Company and of the Group for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries comprise the forestry and logging operations in PNG, the property development in the PRC and sale of fresh pork meat and related produce in Hong Kong.

RESULTS

The results of the Group for the year ended 31 March 2010 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 35 to 120.

The Directors do not recommend the payment of a dividend in respect of the year.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2010 are set out in note 25 to the financial statements.

CONVERTIBLE NOTES, SHARE CAPITAL AND SHARE OPTION SCHEME

Details of movements in the convertible notes, share capital and share option scheme of the Company during the year, together with the reasons therefor, are set out in notes 36, 38 and 39 to the financial statements, respectively.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interest of the Group for the last five financial years, as extracted from the Company's audited financial statements and reclassified as appropriate, prepared on the basis set out therein is set out on pages 121 to 122 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY UNDER DEVELOPMENT AND PREPAID LEASE PAYMENTS

The Group's prepaid lease payments as at 31 March 2010 were revalued by an independent professional valuers on an open market value basis.

Details of movements in property under development and prepaid lease payments of the Group during the year ended 31 March 2010 are set out in notes 17 and 18 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 40 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2010, the Company's reserves available for distribution to shareholders amounting to approximately HK$434.2 million (2009: approximately HK$574.9 million) and calculated in accordance with the Companies Law (2002 Revision) (Cap.22) of the Cayman Islands and the articles of association of the Company.

DIRECTORS

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

Executive Directors:
Chan Chun Hong, Thomas
Cheung Wai Kai
Wong Yiu Hung, Gary

Independent Non-executive Directors:
Sin Ka Man
Yuen Kam Ho, George
Cheung Sau Wah, Joseph

In accordance with article 87 of the articles of association of the Company, Mr. Sin Ka Man and Mr. Cheung Sau Wah, Joseph shall retire at the forthcoming annual general meeting by rotation and, being eligible, offer themselves for re-election.

All of the independent non-executive Directors are appointed for specific terms and are subject to retirement by rotation in accordance with the Company's articles of association. The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to the Rule 3.13 of the Listing Rules. The Company considers that all of the existing independent non-executive Directors to be independent as at the date of this report.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 14 to 16 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had a material interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any subsidiaries of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2010, none of the Directors, chief executives of the Company, nor their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the Share Option Scheme disclosures in note 39 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

On 8 October 2002, the Company adopted the Share Option Scheme for the primary purpose of providing incentives to eligible participants who contribute to the success of the Group. During the year under review, no share options remained outstanding and no share options were granted, exercised, lapsed and cancelled.

As at the date of this report, the total number of shares available for issue under the Share Option Scheme was 769,150,000, representing 10% of the total share capital of the Company.

At no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other details of the Share Option Scheme are set out in note 39 to the financial statements.

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

As at 31 March 2010, to the best knowledge of the Directors, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that the following shareholders (other than Directors) had notified the Company of relevant interests and short positions in the shares and underlying shares of the Company.

Long positions in the shares of the Company:

Name of shareholder	Number of shares	Approximate percentage of the Company's total issued share capital (Note 2) %
Gain Better (Note 1)	3,768,835,000	49.0
WYT (Note 1)	3,768,835,000	49.0

Notes:

(1) Gain Better is an indirect wholly-owned subsidiary of WYT.

(2) The percentage represented the number of shares over the total issued share capital of the Company as at 31 March 2010 of 7,691,500,000 shares.

Save as disclosed above, as at 31 March 2010, there were no person (other than the Directors or chief executive of the Company) who had any 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

EMOLUMENT POLICY

The employees are remunerated based on their work performance, work and professional experiences and the prevailing industry practice. The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Scheme Ordinance for those employees who are eligible to participate in the MPF Scheme.

The Company has also adopted the Share Option Scheme as an incentive to Directors and eligible employees, details of the Share Option Scheme are set out in note 39 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the years ended 31 March 2009 and 2010, no revenue from a single customer accounted for 10% of the Group's revenue. During the year under review, sales to the Group's five largest customers accounted for less than 1% of the total revenue for the year. In addition, the Group made 33% of its total purchases from its largest supplier.

At no time during the year did a Director or any of their associates or any shareholder of the Company, which to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers and suppliers.

DONATIONS

During the year, the Group made charitable and other donations totalling HK$0.2 million (2009: HK$0.2 million).

PRE-EMPTIVE RIGHTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, no Directors was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group (as defined in the Listing Rules), other than those businesses of which the Directors were appointed as Directors to represent the interests of the Company and/or the Group.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on corporate governance principles and practices adopted by the Company and any deviation to the code provisions of the CG Code during the year under review is set out in the Corporate Governance Report on pages 18 to 23 of this annual report.

SUFFICIENCY OF 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 of not less than 25% of the total issued share capital of the Company as required under the Listing Rules throughout the year ended 31 March 2010 and up to the date of this annual report.

EVENT AFTER THE REPORTING PERIOD

The Group and the Company had no significant event took place subsequent to the end of the reporting period.

AUDITORS

The consolidated financial statements for the year ended 31 March 2010 have been audited by Messrs. HLB Hodgson Impey Cheng, who retire and, being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Chan Chun Hong, Thomas
Chairman and Managing Director

Hong Kong, 5 July 2010

Independent Auditors' Report

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

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

TO THE SHAREHOLDERS OF
LEROI HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of LeRoi Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 120, which comprise the consolidated and company statements of financial position as at 31 March 2010, the 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 CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

Independent Auditors' Report

AUDITORS' RESPONSIBILITY *(continued)*

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 auditors' 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 auditors consider 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 profit 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.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 5 July 2010

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Continuing operations			
Turnover	6	58,987	61,822
Cost of sales		(34,915)	(38,740)
Gross profit		24,072	23,082
Other revenue	6	1,739	4,587
Other income	7	—	896
Selling and distribution expenses		(18,752)	(16,976)
Administrative expenses		(29,205)	(33,774)
Finance costs	8	(17,329)	(10,493)
Impairment of prepaid lease payments		—	(95,517)
Reversal of impairment of prepaid lease payments	18	45,327	—
Changes in fair value of plantation assets less costs to sell	19	24,960	—
Impairment of goodwill	22	—	(1,893)
Impairment of interest in an associate	23	—	(44,183)
Loss on deemed disposal of interest in an associate	23	(39,631)	(9,127)
Share of (loss)/profit of an associate	23	(48,087)	16,559
Fair value changes on financial assets at fair value through profit or loss		8,844	(19,821)
Impairment of available-for-sale financial assets		(8,084)	—
Fair value changes on derivative financial instruments		(2,568)	477
Gain on early redemption of convertible notes		6,154	—
Excess of acquirer's interest in the net fair value of acquiree's identifiable net assets	41	104,650	—
Profit/(loss) before taxation		52,090	(186,183)
Taxation	12	(7,834)	230
Profit/(loss) for the year from continuing operations		44,256	(185,953)
Discontinued operation			
Loss for the year from discontinued operation	9	—	(20,088)
Profit/(loss) for the year	7	44,256	(206,041)
Other comprehensive income			
Net gain on available-for-sale financial assets		55,855	—
Exchange differences on translation of financial statements of overseas subsidiaries		3,952	6,270
Other comprehensive income for the year, net of tax		59,807	6,270

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Total comprehensive income/(expense) for the year		**104,063**	(199,771)
Profit/(loss) for the year attributable to:			
— Owners of the Company		**37,331**	(206,041)
— Minority interests		**6,925**	—
		44,256	(206,041)
Total comprehensive income/(expense) attributable to:			
— Owners of the Company		**97,190**	(199,771)
— Minority interests		**6,873**	—
		104,063	(199,771)
Earnings/(loss) per share from continuing and discontinued operations			
— Basic and diluted	15	**HK0.49 cents**	(HK2.68 cents)
Earnings/(loss) per share from continuing operations			
— Basic and diluted	15	**HK0.49 cents**	(HK2.42 cents)

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

Consolidated Statement of Financial Position

at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	16	**2,677**	2,125
Property under development	17	**56,418**	20,295
Prepaid lease payments	18	**492,215**	451,228
Plantation assets	19	**416,972**	—
Concession rights	20	**12,940**	—
Interest in an associate	23	**—**	126,239
Available-for-sale financial assets	26	**91,186**	—
Financial assets at fair value through profit or loss	29	**—**	4,110
		1,072,408	603,997
Current assets			
Inventories	27	**179**	69
Trade receivables	28	**46**	15
Prepayments, deposits and other receivables		**29,069**	9,506
Derivative financial instruments	33	**—**	2,568
Financial assets at fair value through profit or loss	29	**23,477**	16,651
Time deposits		**48,381**	14,845
Cash and bank balances	30	**34,255**	63,904
		135,407	107,558
Less: Current liabilities			
Trade payables	31	**291**	316
Accruals and other payables		**29,305**	7,563
Amounts due to related companies	32	**2,310**	1,110
Tax payable		**331**	198
Interest-bearing loans from a related company	34	**40,000**	—
		72,237	9,187
Net current assets		**63,170**	98,371
Total assets less current liabilities		**1,135,578**	702,368

Consolidated Statement of Financial Position

at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Less: Non-current liabilities			
Interest-bearing loans from a related company	34	**95,000**	40,000
Interest-bearing loans from an immediate holding company	35	**200,000**	—
Convertible notes	36	**—**	172,674
Deferred taxation	37	**129,010**	2,859
		424,010	215,533
Net assets		**711,568**	486,835
Capital and reserves			
Share capital	38	**76,915**	76,915
Reserves	40(a)	**488,814**	409,920
Equity attributable to owners of the Company		**565,729**	486,835
Minority interests		**145,839**	—
Total equity		**711,568**	486,835

Approved by the Board of Directors on 5 July 2010 and signed on its behalf by:

Chan Chun Hong, Thomas
Director

Cheung Wai Kai
Director

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

Statement of Financial Position

at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Interests in subsidiaries	25	—	—
Financial assets at fair value through profit or loss	29	—	4,110
		—	4,110
Current assets			
Prepayments, deposits and other receivables		**3,600**	522
Derivative financial instruments	33	—	2,568
Amounts due from subsidiaries	25	**861,416**	912,030
Time deposits		**1,078**	1,327
Cash and bank balances		**41,540**	48,807
		907,634	965,254
Less: Current liabilities			
Accruals and other payables		**10,409**	3,359
Amount due to a subsidiary	25	**2,052**	23,302
Interest-bearing loans from a related company	34	**40,000**	—
		52,461	26,661
Net current assets		**855,173**	938,593
Total assets less current liabilities		**855,173**	942,703
Less: Non-current liabilities			
Interest-bearing loans from a related company	34	**95,000**	40,000
Interest-bearing loans from an immediate holding company	35	**200,000**	—
Convertible notes	36	—	172,674
Deferred taxation	37	—	2,859
		295,000	215,533
Net assets		**560,173**	727,170

Statement of Financial Position

at 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Capital and reserves			
Share capital	38	**76,915**	76,915
Reserves	40(b)	**483,258**	650,255
Total equity		**560,173**	727,170

Approved by the Board of Directors on 5 July 2010 and signed on its behalf by:

Chan Chun Hong, Thomas
Director

Cheung Wai Kai
Director

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

Consolidated Statement of Changes in Equity

for the year ended 31 March 2010

	Share capital HK$'000	Share premium HK$'000	Exchange fluctuation reserve HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Convertible notes equity reserve HK$'000	Revaluation reserve HK$'000	Accumulated losses HK$'000	Attributable to owners of the Company HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2008	76,915	647,146	11,353	–	26,222	–	(75,030)	686,606	–	686,606
Loss for the year	–	–	–	–	–	–	(206,041)	(206,041)	–	(206,041)
Other comprehensive income for the year	–	–	6,270	–	–	–	–	6,270	–	6,270
Total comprehensive income/(expense) for the year	–	–	6,270	–	–	–	(206,041)	(199,771)	–	(199,771)
Gain on fair value changes on prepaid lease payments upon acquisition of subsidiaries	–	–	–	–	–	4,651	–	4,651	–	4,651
Release upon impairment of prepaid lease payments	–	–	–	–	–	(4,651)	–	(4,651)	–	(4,651)
At 31 March 2009 and 1 April 2009	76,915	647,146	17,623	–	26,222	–	(281,071)	486,835	–	486,835
Profit for the year	–	–	–	–	–	–	37,331	37,331	6,925	44,256
Other comprehensive income/(expense) for the year	–	–	4,004	55,855	–	–	–	59,859	(52)	59,807
Total comprehensive income for the year	–	–	4,004	55,855	–	–	37,331	97,190	6,873	104,063
Early redemption of convertible notes	–	–	–	–	(26,222)	–	7,926	(18,296)	–	(18,296)
Minority interests arising on acquisition of subsidiaries (Note 41)	–	–	–	–	–	–	–	–	138,966	138,966
At 31 March 2010	**76,915**	**647,146**	**21,627**	**55,855**	**–**	**–**	**(235,814)**	**565,729**	**145,839**	**711,568**

Reserves retained by:

	Share premium HK$'000	Exchange fluctuation reserve HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Convertible notes equity reserve HK$'000	Revaluation reserve HK$'000	Accumulated losses HK$'000	Attributable to owners of the Company HK$'000
Company and subsidiaries	647,146	21,627	55,855	–	–	(202,469)	522,159
Associate	–	–	–	–	–	(33,345)	(33,345)
At 31 March 2010	**647,146**	**21,627**	**55,855**	**–**	**–**	**(235,814)**	**488,814**
Company and subsidiaries	647,146	17,623	–	26,222	–	(295,813)	395,178
Associate	–	–	–	–	–	14,742	14,742
At 31 March 2009	647,146	17,623	–	26,222	–	(281,071)	409,920

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

Consolidated Statement of Cash Flows

for the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		**52,090**	(206,601)
Adjustments for:			
Depreciation of property, plant and equipment		**939**	726
Amortisation of concession rights		**123**	—
Loss on disposal of subsidiaries	42	**—**	2,064
Loss/(gain) on disposal of property, plant and equipment		**8**	(83)
Share of loss/(profit) of an associate		**48,087**	(16,559)
Interest income		**(263)**	(3,689)
Fair value changes on investment properties	21	**—**	23,044
Loss on deemed disposal of interest in an associate		**39,631**	9,127
Finance costs		**17,329**	11,322
Fair value changes on derivative financial instruments		**2,568**	(477)
Fair value changes on financial assets at fair value through profit or loss		**(8,844)**	19,821
Gain on early redemption of convertible notes		**(6,154)**	—
Reversal of impairment of prepaid lease payments		**(45,327)**	—
Reversal of impairment loss on other receivables		**—**	(813)
Impairment of prepaid lease payments		**—**	95,517
Impairment of interest in an associate		**—**	44,183
Impairment of goodwill		**—**	1,893
Impairment of available-for-sale financial assets		**8,084**	—
Changes in fair value of plantation assets less costs to sell		**(24,960)**	—
Excess of acquirer's interest in the net fair value of acquiree's identifiable net assets		**(104,650)**	—
Operating loss before working capital changes		**(21,339)**	(20,525)
(Increase)/decrease in inventories		**(110)**	12
(Increase)/decrease in trade receivables		**(31)**	20
(Increase)/decrease in prepayments, deposits and other receivables		**(18,835)**	1,681
(Decrease)/increase in trade payables		**(25)**	85
(Decrease)/increase in accruals and other payables		**(3,449)**	189
Increase/(decrease) in amount due to related companies		**1,200**	(108)
Cash used in operations		**(42,589)**	(18,646)
Interest paid		**(5,158)**	(6,174)
Hong Kong profits tax paid		**(672)**	(294)
Net cash used in operating activities		**(48,419)**	(25,114)

Consolidated Statement of Cash Flows

for the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**263**	3,689
Purchase of property, plant and equipment		**(1,417)**	(1,134)
Property under development paid		**(28,732)**	(9,292)
Purchase of prepaid lease payments		**—**	(1,480)
Purchase of investment properties		**—**	(51,560)
Acquisition of subsidiaries	41	**(24,176)**	(186,746)
Acquisition of an associate		**—**	(162,990)
Disposal of subsidiaries	42	**—**	61,832
Purchase of financial assets at fair value through profit or loss		**(16,582)**	(49,322)
Purchase of available-for-sale financial assets		**(1,873)**	—
Proceeds from disposal of property, plant and equipment		**—**	331
Proceeds from disposal of financial assets at fair value through profit or loss		**15,001**	34,136
Net cash used in investing activities		**(57,516)**	(362,536)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest-bearing loans from a related company		**95,000**	40,000
Interest-bearing loans from banks		**—**	36,450
Interest-bearing loan from an immediate holding company		**10,000**	10,000
Repayment of interest-bearing loan from an immediate holding company		**—**	(10,000)
Repayment of interest-bearing loans from banks		**—**	(3,059)
Net cash generated from financing activities		**105,000**	73,391
Net decrease in cash and cash equivalents		**(935)**	(314,259)
Cash and cash equivalents at the beginning of the year		**78,749**	390,154
Effects of exchange rate changes on the balance of cash held in foreign currencies		**4,822**	2,854
Cash and cash equivalents at the end of the year		**82,636**	78,749
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**34,255**	63,904
Time deposits		**48,381**	14,845
		82,636	78,749

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

Notes to the Consolidated Financial Statements

31 March 2010

1. CORPORATE INFORMATION

LeRoi Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The principal place of business of the Company in Hong Kong is located at 5th Floor, Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are the forestry and logging operations, the property development business and the sale of fresh pork meat and related produce business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Judgments made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 3 to the consolidated financial statement.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Application of new and revised HKFRSs

In the current year, the Group has applied for the first time, the following new and revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	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
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 of HKAS 39

The application of the new and revised standards, amendments and interpretations had the following effect on the consolidated financial statements of the Group.

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 7 (Amendments) Improving Disclosures about Financial Instruments

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements and liquidity risk. The Group has not presented comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Application of new and revised HKFRSs *(continued)*

HKFRS 8 Operation Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments.

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[6]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 28 (Amendment)	Investments in Associates[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets)[7]
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 July 2009 and 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 July 2010
[6] Effective for annual periods beginning on or after 1 January 2011
[7] Effective for annual periods beginning on or after 1 January 2013

HKAS 27 (Revised) *Consolidated and Separate Financial Statements* requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (revised) prospectively to transactions with minority interest from 1 April 2010.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Application of new and revised HKFRSs *(continued)*

HKFRS 3 (Revised) *Business Combinations* continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) prospectively to all business combinations from 1 April 2010.

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 will affect the classification and measurement of the Group's financial assets.

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

A summary of significant accounting policies adopted by the Group in the preparation of the consolidated financial statements is set out below:

Basis of preparation

The measurement basis used in the preparation of the consolidated financial statements is historical cost convention except for plantation assets, available-for-sale financial assets and financial assets at fair value through profit or loss (including derivative financial instruments) which have been carried at fair value as explained below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2010. 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 statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

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

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of 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.

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 the consolidated statement of comprehensive income.

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.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's statement of comprehensive income to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Associates

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

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

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

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group recognises its interests in jointly-controlled entities using proportionate consolidation. The Group's share of each of the assets, liabilities, income and expenses of the jointly-controlled entities are combined with the Group's similar line items, line by line, in the consolidated financial statements.

Any goodwill arising on the acquisition of the Group's interest in a jointly-controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Jointly-controlled entities *(continued)*

When a group entity transacts with a jointly-controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly-controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

Goodwill

Goodwill arising on an acquisition of a business or a jointly-controlled entity (which is accounted for using proportionate consolidation) represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business or jointly-controlled entity at the date of the acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on acquisition of a business or a jointly-controlled entity is presented separately in the consolidated statement of financial position.

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 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 statement of comprehensive income. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit 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.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest held under an operating lease which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated to fair value, which reflects market conditions at the end of the reporting period.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties *(continued)*

Gain or loss arising from changes in fair values of investment properties are included in the consolidated statement of comprehensive income in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year in which the item is derecognised.

Plantation assets

Plantation assets comprise forest timber in Papua New Guinea. Plantation assets are stated at fair value less costs to sell, with any resultant gain or loss recognised in the consolidated statement of comprehensive income. Costs to sell include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

The fair value of plantation assets is determined independently by professional valuers.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to its location and working condition for its intended use. Expenses incurred after item of property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to the consolidated statement of comprehensive income in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that assets or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful lives and after taking into account their estimated residual values. The principal annual rates used for this purpose are as follows:

Furniture, fixtures and equipment	10-33⅓%
Leasehold improvements	Over the lease terms
Motor vehicles	10-33⅓%
Machineries	20-33⅓%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of comprehensive income in the year the asset is derecognised is the difference between the net proceeds and the carrying amount of the relevant assets.

Properties under development

Properties under development comprise leasehold land, construction costs and interest costs capitalised, less any write downs to net realisable value. When the leasehold land and buildings are in the course of development for sale, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of properties under development.

Interest in leasehold land

Interest in leasehold land represents prepaid lease payment made for leasehold land. Interest in leasehold land is stated at cost less subsequent accumulated amortisation and any accumulated impairment losses. The cost of interest in leasehold land are amortised on a straight-line basis over the shorter of relevant interest in leasehold land or the operation period of the relevant company.

Impairment of non-financial assets (other than goodwill)

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the consolidated statement of comprehensive income in the period in which it arises.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets (other than goodwill) *(continued)*

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill and certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the consolidated statement of comprehensive income in the period in which it arises.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and 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 the consolidated statement of comprehensive income.

Financial assets

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than financial assets classified as at FVTPL, of which interest income is included in net gains and losses.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designed as at FVTPL upon initial recognition if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the consolidated statement of comprehensive income. The net gain or loss recongised in the consolidated statement of comprehensive income incorporates any dividend or interest earned on the financial asset.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, other receivables, time deposits and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

AFS financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve until the financial asset is disposed of or determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the consolidated statement of comprehensive income.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments, they are measured at cost less any identified impairment losses at the end of the reporting period.

Impairment of financial assets

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

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

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

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated statement of comprehensive income.

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

In respect of AFS equity securities, impairment losses previously recognised in the consolidated statement of comprehensive income are not reversed through the consolidated statement of comprehensive income in subsequent periods. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed if an increase in the fair value of investment can be objectively related to an event occurring after the recognition of the impairment loss.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL, of which interest expense is included in net gains and losses.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Financial liabilities at FVTPL (continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

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

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

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the consolidated statement of comprehensive income. The net gain or loss recognised in the consolidated statement of comprehensive income includes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities (including trade payables, accruals and other payables, amounts due to related companies and interest bearing loan from a related company) are subsequently measured at amortised cost using the effective interest method.

Convertible notes

Convertible notes issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. For conversion option that does not meet the definition of an equity instrument, it is classified as a derivative financial liability and is carried at fair value.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Convertible notes *(continued)*

Convertible notes that contain an equity component

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

At the end of the reporting period, the liability component of the convertible notes is carried at amortised cost using the effective interest rate method. The conversion option classified as equity will remain in convertible notes equity reserve until the conversion option is exercised, in which case, the balance stated in the convertible notes equity reserve will be transferred to share premium. Where the conversion option remains unexercised at the maturity date, the balance stated in the convertible notes equity reserve will be released to retained profits. No gain or loss is recognised in the consolidated statement of comprehensive income upon conversion or expiration of the conversion option.

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

Convertible notes that do not contain an equity component

Conversion option that is classified as derivative financial liability are re-measured at each balance sheet date subsequent to initial recognition with changes in fair value recognised directly in the statement of comprehensive income in the period in which they arise.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); and (ii) hedges of highly probable forecast transactions (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effectively in offsetting changes in fair values or cash flows of the hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the consolidated statement of comprehensive income immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The adjustment to the carrying amount of the hedged item for which the effective interest is used is amortised to the consolidated statement of comprehensive income as soon as an adjustment exists. The adjustment is based on a recalculated effective interest rate at the date the amortisation begins.

Hedge accounting is discontinued when the Group revokes the hedge relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of comprehensive income.

Amounts deferred in equity are recycled in the consolidated statement of comprehensive income in the periods when the hedged item is recognised in the statement of comprehensive income. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of asset or liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derivative financial instruments and hedging activities *(continued)*

Cash flow hedge (continued)

Hedge accounting is discontinued when the Group revokes the hedge relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the statement of comprehensive income.

Derivatives that do not qualify for hedge accounting and those not designated as hedges

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting and those not designated as hedges are recognised immediately in the statement of comprehensive income.

Derecognition

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

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the consolidated statement of comprehensive income.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs those have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value is based on estimated selling price less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and bank balances comprise cash on hand and at banks.

Provisions and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation.

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

Income tax

Income tax for the year comprises current tax and deferred tax. Income tax is recognised in the consolidated statement of comprehensive income or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

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

- from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

- interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. No accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward as the amount is immaterial.

Retirement benefits scheme

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

The employees of the Group's subsidiaries which operate in mainland China are required to participate in a central pension scheme operated by the local municipal government. The contributions are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Share options scheme

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting periods, taking into account the probability that the options will vest.

During the vesting periods, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the consolidated statement of comprehensive income for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expenses is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to achieving conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

Borrowing costs

Borrowing costs are expensed in the consolidated statement of comprehensive income in the period in which they are incurred.

Related parties transactions

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

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

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

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

(e) the party is a close member of the family of any individual referred to in (a) or (d);

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties transactions *(continued)*

(f) 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 (d) or (e); or

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

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Current assets and current liabilities

Current assets are expected to be realised within twelve months of the date of the reporting period or in the normal course of the Group's operating cycle. Current liabilities are expected to be settled within twelve months of the date of the reporting period or in the normal course of the Group's operating cycle.

Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the consolidated statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period, and their statement of comprehensive incomes are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

31 March 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Concession rights

Forest concession rights are stated at fair value at the date of acquisition. Thereafter, they are subject to amortisation and impairment losses. Concession rights give the Group rights to harvest and plant trees in the allocated concession forests in designated areas in Papua New Guinea.

Amortisation is calculated on straight-line basis to write off the cost over its contractual useful lives of 50 years.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

Critical accounting estimates and assumptions

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

Income tax

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

Notes to the Consolidated Financial Statements

31 March 2010

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

Critical accounting estimates and assumptions *(continued)*

Impairment of property, plant and equipment

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

Impairment of trade receivables

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

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are primarily based on market conditions existing at the end of each reporting period.

For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. The carrying amounts of these derivatives financial assets are Nil (2009: HK$2,568,000).

Fair value of plantation assets

The Group's plantation assets are valued at fair value less costs to sell. In determining the fair value of the plantation assets, the professional valuers have applied the net present value approach which requires a number of key assumptions and estimates to be made such as discount rate, log price, harvest profile, plantation costs, growth, harvesting and establishment. Any change in the estimates may affect the fair value of the plantation assets significantly. The professional valuers and management review the assumptions and estimates periodically to identify any significant change in the fair value of plantation assets.

Impairment of concession rights

The Group reviews the carrying amounts of the concession rights at the end of each reporting period to determine whether there is objective evidence of impairment. When indication of impairment is identified, the Group prepares discounted future cash flow to assess the differences between the carrying amount and value in use and provide for impairment loss. Any change in the assumptions adopted in the cash flow forecasts would increase or decrease in the provision of the impairment loss and affect the Group's net profit and net asset value in future years.

Notes to the Consolidated Financial Statements

31 March 2010

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	2010 HK$'000	2009 HK$'000
Financial assets:		
Fair value through profit or loss		
— Held for trading	**23,477**	16,651
— Designated as at FVTPL	**—**	4,110
— Derivative financial instruments	**—**	2,568
Available-for-sale financial assets	**91,186**	—
Loans and receivables (including cash and cash equivalents)	**93,719**	80,824
Financial liabilities:		
Amortised cost	**366,656**	221,663

(b) Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are market risk (including interest rate risk, foreign exchange risk and other price risk), natural risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices.

Market risk exposures are measured by sensitivity analysis.

There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

Interest rate risk management

The Group's interest rate risk arises from interest-bearing borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group did not enter into interest rate swap to hedge against its exposures to changes in fair values of the borrowings.

Notes to the Consolidated Financial Statements

31 March 2010

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

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

Market risk *(continued)*

Interest rate risk management (continued)

The Group considers that there is no significant cash flow interest rate risk as the Group does not have variable-rate borrowings.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Foreign exchange risk management

The Group operates in Hong Kong, Mainland China and Papua New Guinea and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars, Kina and Renminbi. Foreign exchange risk arises from the foreign currency denomination of commercial transactions, assets and liabilities. The Group has no significant direct exposure to foreign currencies as most of the commercial transactions, assets and liabilities are denominated in a currency same as the functional currency of each entity of the Group.

Other price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities operating in sales of printing products, artiste management, production and distribution of music albums and movies, manufacturing and trading of equipment and turnkey production lines for this film solar modules, and manufacturing and sales of toys in The Stock Exchange of Hong Kong Limited.

Sensitivity analysis on other price risk

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate is increased to 10% in the current year as a result of the volatile financial market.

Notes to the Consolidated Financial Statements

31 March 2010

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

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

Market risk *(continued)*

Other price risk (continued)

If equity prices had been 10% higher/lower:

- net profit for the year ended 31 March 2010 would increase/decrease by approximately HK$2,348,000 (2009: HK$1,665,000). This is mainly due to the changes in fair value of held-for-trading investments; and

- other equity reserves would increase/decrease by approximately HK$9,119,000 (2009: Nil) as a result of the changes in fair value of available-for-sale investments.

The Group is also exposed to financial risks arising from changes in timber prices, which are constantly affected by both demand and supply cycles of the timber industry. As a result, the movements of the prices would have significant impact on the Group's earnings and valuation of plantations assets as well as cash flows and liquidity. There can be no assurance that the Group will be fully shielded from negative effects resulting from cyclical movements of timber prices.

Natural risk

The Group's revenue depends significantly on the ability to harvest timber at adequate levels. The ability to harvest timber and the growth of the trees in the forests may be affected by unfavourable local weather conditions and natural disasters. Weather conditions such as floods, droughts, cyclones and windstorms and natural disasters such as earthquakes, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions or natural disasters may diminish the supply of trees available for harvesting, or otherwise impede the Group's timber logging operations or the growth of the trees in the forests.

Credit risk

As at 31 March 2010, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has put in place policies to ensure that sales of products are made to customers with an appropriate credit history and the Group performs period credit evaluations of its customers. In addition, the Group reviews the recoverable amount of each individual trade debt and debt investments at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Notes to the Consolidated Financial Statements

31 March 2010

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

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

Credit risk *(continued)*

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

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers.

Liquidity risk

The Group's liquidity risk management includes diversifying the funding sources. Internally generated cash flow and interest-bearing loans from a related company and interest-bearing loans from an immediate holding company during the year are the general source of funds to finance the operation of the Group. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk. For non-derivative financial liabilities, the table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

Notes to the Consolidated Financial Statements

31 March 2010

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

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

Liquidity risk *(continued)*

	Weighted average effective interest rate %	Within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 March 2010						
Non-derivative financial liabilities						
Trade and other payables	–	(29,346)	–	–	(29,346)	(29,346)
Amounts due to related companies	–	(2,310)	–	–	(2,310)	(2,310)
Interest-bearing loans from a related company	7.00	(40,000)	(95,000)	–	(135,000)	(135,000)
Interest-bearing loans from an immediate holding company	7.70	–	(200,000)	–	(200,000)	(200,000)
		(71,656)	(295,000)	–	(366,656)	(366,656)
At 31 March 2009						
Non-derivative financial liabilities						
Trade and other payables	—	(7,879)	—	—	(7,879)	(7,879)
Amounts due to related companies	—	(1,110)	—	—	(1,110)	(1,110)
Interest-bearing loans from a related company	6.00	—	(40,000)	—	(40,000)	(40,000)
Convertible notes	5.92	—	(190,000)	—	(190,000)	(172,674)
		(8,989)	(230,000)	—	(238,989)	(221,663)

Notes to the Consolidated Financial Statements

31 March 2010

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

(c) Fair value of financial instruments

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

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

(ii) the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs); and

(ii) the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values:

	2010		2009	
	Carrying amount HK$'000	**Fair value HK$'000**	Carrying amount HK$'000	Fair value HK$'000
Financial liabilities				
Convertible notes	–	–	172,674	130,376

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements

31 March 2010

4. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT *(continued)*

(c) Fair value of financial instruments *(continued)*

	31 March 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets				
Held for trading				
— listed equity securities	**20,329**	—	—	**20,329**
— unlisted bond fund	**3,148**	—	—	**3,148**
Available-for-sale financial assets				
— listed equity securities	**91,186**	—	—	**91,186**
Total	**114,663**	—	—	**114,663**

There were no transfers between Levels 1 and 2 in the current year.

(d) Capital risk management

The Group's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt (which includes interest-bearing loans from a related company, interest-bearing loans from an immediate holding company and convertible notes) and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

Gearing ratio

The directors review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The ratio is calculated based on total debt and owners' equity. The increase in gearing ratio was due to the borrowing of interest-bearing loans from a related company and interest-bearing loans from an immediate holding company during the year.

The gearing ratio at the end of the reporting period was as follows:

	2010	2009
	HK$'000	HK$'000
Total debt #	**335,000**	212,674
Owners' equity	**565,729**	486,835
Gearing ratio	**59.2%**	43.7%

Total debt comprises interest-bearing loans from a related company, interest-bearing loans form an immediate holding company and convertible notes, as detailed in Notes 34, 35 and 36 of the consolidated financial statements respectively.

Notes to the Consolidated Financial Statements

31 March 2010

5. SEGMENT INFORMATION

Application of HKFRS 8 *Operating Segments*

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 April 2009. HKFRS 8 is a disclosure standard that 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 for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach. In the past, the Group's primary reporting segment was business segment.

For forestry and logging operations, the chief operating decision maker regularly reviews the performance of forestry plantation in Papua New Guinea. For segment report under HKFRS 8, financial information of this operation has been aggregated into a single operating segment named "forestry and logging operations". This operation commenced during current year.

For sales of fresh pork meat and related produce operation, the chief operating decision maker regularly analyses the sales revenue from fresh pork met and related produce on the basis of individual wet market stall. For segment reporting under HKFRS 8, financial information of these wet market stalls had been aggregated into a single operating segment named "sales of fresh pork meat and related produce operation".

For property development operation, the chief operating decision maker regularly reviews the performance of property development in mainland China. For segment reporting under HKFRS 8, financial information of this operation has been aggregated into a single operating segment named "property development operation".

Property investment operation was discontinued during the year ended 31 March 2009 were reported as separate operating segment under HKFRS 8.

Accordingly, the application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

Notes to the Consolidated Financial Statements

31 March 2010

5. SEGMENT INFORMATION *(continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

2010

	Forestry and logging operation HK$'000	Sales of fresh pork meat and related produce operation HK$'000	Property development operation HK$'000	Consolidated HK$'000
Segment revenue	112	58,875	—	58,987
Segment results	124,924	3,943	35,501	164,368
Interest income and unallocated gains				9,501
Corporate and other unallocated expenses				(12,234)
Finance costs				(17,329)
Impairment of available-for-sale financial assets				(8,084)
Fair value changes on derivative financial instruments				(2,568)
Gain on early redemption of convertible notes				6,154
Loss on deemed disposal of interest in an associate				(39,631)
Share of loss of an associate				(48,087)
Profit before taxation				52,090

Notes to the Consolidated Financial Statements

31 March 2010

5. SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

2009

	Continuing operations			Discontinued operation	
	Sales of fresh pork meat and related produce operation HK$'000	Property development operation HK$'000	Total HK$'000	Property investment operation HK$'000	Consolidated HK$'000
Segment revenue	61,822	—	61,822	7,613	69,435
Segment results	1,310	(97,757)	(96,447)	(19,589)	(116,036)
Interest income and unallocated gains			6,258	—	6,258
Corporate and other unallocated expenses			(48,750)	—	(48,750)
Finance costs			(10,493)	(829)	(11,322)
Impairment of interest in an associate			(44,183)	—	(44,183)
Loss on deemed disposal of interest in an associate			(9,127)	—	(9,127)
Share of profit of an associate			16,559	—	16,559
Loss before taxation			(186,183)	(20,418)	(206,601)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2009: Nil).

Segment profit/(loss) represents the profit earned by each segment without allocation of corporate expenses including directors' salaries, impairment of available-for-sales financial assets, fair value changes on derivative financial instruments, gain on early redemption of convertible notes, share of results of an associate, loss on deemed disposal of interest in an associate, impairment of interest in an associate and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Notes to the Consolidated Financial Statements

31 March 2010

5. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

	2010 HK$'000	2009 HK$'000
Segment assets		
Forestry and logging	**433,045**	—
Sale of fresh pork meat and related produce	**5,303**	6,180
Property development	**600,817**	500,025
Total segment assets	**1,039,165**	506,205
Unallocated	**168,650**	205,350
Consolidated assets	**1,207,815**	711,555
Segment liabilities		
Forestry and logging	**145,051**	—
Sale of fresh pork meat and related produce	**2,185**	2,157
Property development	**3,056**	1,158
Total segment liabilities	**150,292**	3,315
Unallocated	**345,955**	221,405
Consolidated liabilities	**496,247**	224,720

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than interest in an associate, available-for-sale financial assets, financial assets at FVTPL and other financial assets. Goodwill is allocated to reportable segments as described in Note 22 of the consolidated financial statements.

- all liabilities are allocated to reportable segments other than interest-bearing loans from a related company, interest-bearing loans from an immediate holding company, convertible notes, other financial liabilities and deferred tax liabilities.

Notes to the Consolidated Financial Statements

31 March 2010

5. SEGMENT INFORMATION *(continued)*

Other segment information

	Depreciation and amortisation Year ended		Additions to non-current assets Year ended	
	31 March 2010 HK$'000	31 March 2009 HK$'000	**31 March 2010 HK$'000**	31 March 2009 HK$'000
Forestry and logging	**133**	—	**430,319**	—
Sales of fresh pork meat and related produce	**558**	337	**1,113**	794
Property development	**335**	317	**28,809**	11,112
	1,026	654	**460,241**	11,906

In addition to the depreciation and amortisation reported above, impairment loss of approximately HK$100,168,000 and HK$1,893,000 was recognised in respect of prepaid lease payments and goodwill for the year ended 31 March 2009 respectively. This impairment loss was attributable to property development operation segment.

Reversal of impairment of prepaid lease payments of approximately HK$45,327,000 was recognised for the year ended 31 March 2010. This reversal of impairment was attributable to property development operation segment.

Revenue from major products and services

The Group's revenue from continuing operations from its major products and services were as follows:

	2010 HK$'000	2009 HK$'000
Segment revenue		
Forestry and logging operations	**112**	—
Sale of fresh pork meat and related produce operation	**58,875**	61,822
	58,987	61,822

Notes to the Consolidated Financial Statements

31 March 2010

5. SEGMENT INFORMATION *(continued)*

Geographical information

The Group operates in three principal geographical areas — mainland China, Hong Kong and Papua New Guinea.

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers Year ended		Non-current assets* Year ended	
	31 March 2010 HK$'000	31 March 2009 HK$'000	**31 March 2010 HK$'000**	31 March 2009 HK$'000
Mainland China	**—**	—	**549,016**	472,792
Hong Kong	**58,875**	61,822	**2,020**	127,095
Papua New Guinea	**112**	—	**430,186**	—
	58,987	61,822	**981,222**	599,887

* Non-current assets excluding financial instruments

Information about major customers

During the years ended 31 March 2010 and 2009, no revenue from a single customer account for 10% of the Group's revenue.

6. TURNOVER AND OTHER REVENUE

Turnover represents the net invoiced value of fresh pork meat and related produce and agricultural produce sold, after allowances for returns and trade discounts. All significant intra-group transactions have been eliminated on consolidation.

An analysis of the Group's turnover and other revenue for the year, for both continuing and discontinued operations, is as follows:

	2010 HK$'000	2009 HK$'000
Continuing operations		
Sale of fresh pork meat and related produce	**58,875**	61,822
Sale of agricultural produce	**112**	—
Discontinued operation (Note 9)		
Rental income	**—**	7,613
	58,987	69,435

Notes to the Consolidated Financial Statements

31 March 2010

6. TURNOVER AND OTHER REVENUE *(continued)*

Other revenue

	Continuing operations		Discontinued operation		Total	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Interest income on:						
Bank deposits	**263**	3,275	**—**	1	**263**	3,276
Financial assets classified as held-for-trading	**—**	413	**—**	—	**—**	413
	263	3,688	**—**	1	**263**	3,689
Dividends from equity securities	**99**	370	**—**	—	**99**	370
Sundry income	**1,377**	529	**—**	575	**1,377**	1,104
	1,739	4,587	**—**	576	**1,739**	5,163

Other revenue from financial assets are analysed as follows:

	Continuing operations		Discontinued operation		Total	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Financial assets classified as held-for-trading	**—**	783	**—**	—	**—**	783
Available-for-sale financial assets	**99**	—	**—**	—	**99**	—
Loans and receivables (including cash and bank balances)	**263**	3,275	**—**	1	**263**	3,276
	362	4,058	**—**	1	**362**	4,059

Notes to the Consolidated Financial Statements

31 March 2010

7. PROFIT/(LOSS) FOR THE YEAR

Operating profit/(loss) is stated at after charging:

	Continuing operations		Discontinued operation		Total	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Cost of inventories sold	**31,523**	35,870	**—**	—	**31,523**	35,870
Depreciation of owned property, plant and equipment	**939**	667	**—**	59	**939**	726
Amortisation of concession rights	**123**	—	**—**	—	**123**	—
Auditors' remuneration	**950**	900	**—**	—	**950**	900
Exchange losses	**179**	1,150	**—**	—	**179**	1,150
Minimum lease payments under operating lease for land and buildings	**6,873**	6,114	**—**	—	**6,873**	6,114
Loss on disposal of property, plant and equipment	**8**	—	**—**	—	**8**	—
Impairment of interest in an associate (Note 23)	**—**	44,183	**—**	—	**—**	44,183
Impairment of goodwill (Note 22)	**—**	1,893	**—**	—	**—**	1,893
Impairment of prepaid lease payments	**—**	95,517	**—**	—	**—**	95,517
Salaries and other short-term employee benefits (excluding directors' remuneration — Note 10)	**18,256**	18,479	**—**	1,148	**18,256**	19,627
Retirement benefits scheme contributions	**641**	638	**—**	41	**641**	679
	18,897	19,117	**—**	1,189	**18,897**	20,306
and after crediting:						
Other income:						
Gain on disposal of property, plant and equipment	**—**	83	**—**	—	**—**	83
Reversal of impairment loss on other receivables	**—**	813	**—**	—	**—**	813
	—	896	**—**	—	**—**	896

The reversal of impairment loss on other receivables was recognised due to the recovery of amount during the year.

Notes to the Consolidated Financial Statements

31 March 2010

8. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Effective interest on convertible notes wholly repayable within five years	**6,305**	10,019	**—**	—	**6,305**	10,019
Interest on interest-bearing loans from an immediate holding company wholly repayable within five years	**6,250**	66	**—**	—	**6,250**	66
Interest on interest-bearing bank loans not wholly repayable within five years	**—**	—	**—**	829	**—**	829
Interest on interest-bearing loans from a related company wholly repayable within five years	**4,774**	408	**—**	—	**4,774**	408
	17,329	10,493	**—**	829	**17,329**	11,322

9. DISCONTINUED OPERATION

2010

There is no discontinued operation during the year ended 31 March 2010.

2009

Disposal of property investment business

On 13 February 2009, the Group entered into a sale agreement to dispose of the Group's property investment business. The disposal of the property investment business is consistent with the Group's long-term policy to focus its activities on the sales of fresh pork meat and related produce and property development businesses. The disposal was completed on 25 March 2009, after which the control of the property investment business passed to the acquirer. Details of the assets and liabilities disposed of are disclosed in Note 42.

Notes to the Consolidated Financial Statements

31 March 2010

9. DISCONTINUED OPERATION *(continued)*

Loss from discontinued operation

	Property investment business 2009 HK$'000
Turnover	7,613
Expenses	(2,923)
Fair value changes on investment properties	(23,044)
Loss before taxation	(18,354)
Taxation	330
	(18,024)
Loss on disposal of operations (Note 42)	(2,064)
	(20,088)
Cash flows from discontinued operations	
Net cash flows from operating activities	18,396
Net cash flows from investing activities	(51,560)
Net cash flows from financing activities	33,391
Net cash flows	227

Notes to the Consolidated Financial Statements

31 March 2010

10. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

The remuneration of every director for the years ended 31 March 2010 and 2009 are set out below:

Name of director	Salaries and other benefits HK$'000	Director's fee HK$'000	Provident fund contributions HK$'000	Total HK$'000
2010:				
Executive directors				
Mr. Chan Chun Hong, Thomas	**1,390**	**—**	**12**	**1,402**
Mr. Cheung Wai Kai	**130**	**—**	**6**	**136**
Mr. Wong Yiu Hung, Gary	**1,930**	**—**	**12**	**1,942**
Independent non-executive directors				
Mr. Sin Ka Man	**—**	**140**	**—**	**140**
Mr. Yuen Kam Ho, George	**—**	**140**	**—**	**140**
Mr. Cheung Sau Wah, Joseph	**—**	**140**	**—**	**140**
	3,450	**420**	**30**	**3,900**
2009:				
Executive directors				
Mr. Chan Chun Hong, Thomas	1,363	—	12	1,375
Mr. Cheung Wai Kai	128	—	6	134
Mr. Wong Yiu Hung, Gary	2,127	—	12	2,139
Mr. Ng Cheuk Fan, Keith (note 1)	—	—	—	—
Mr. Hung Man Sing (note 2)	—	—	—	—
Independent non-executive directors				
Mr. Sin Ka Man	—	130	—	130
Mr. Yuen Kam Ho, George	—	130	—	130
Mr. Cheung Sau Wah, Joseph	—	130	—	130
	3,618	390	30	4,038

Notes:

1. Mr. Ng Cheuk Fan, Keith resigned on 2 June 2008.

2. Mr. Hung Man Sing resigned on 2 June 2008.

During the year, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office (2009: Nil). None of the directors has waived any emoluments during the year (2009: Nil).

Notes to the Consolidated Financial Statements

31 March 2010

11. FIVE HIGHEST PAID EMPLOYEES

The aggregate emoluments of the five highest paid individuals included two (2009: three) executive directors of the Company, whose emoluments are included in Note 10 above. The aggregate emoluments of the remaining three (2009: two) highest paid individuals are as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
Basic salaries and allowances	**2,155**	3,649
Retirement benefits scheme contributions	**45**	18
	2,200	3,667

The emoluments fell within the following bands:

	2010	2009
Nil to HK$1,000,000	**3**	—
HK$1,000,001 to HK$1,500,000	**—**	1
HK$2,500,001 to HK$3,000,000	**—**	1
	3	2

During the year, no emoluments were paid by the Group to the non-director, highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office (2009: Nil).

Notes to the Consolidated Financial Statements

31 March 2010

12. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for mainland China enterprise income tax and Papua New Guinea profit tax has been made during the year as the subsidiaries operated in the mainland China and Papua New Guinea had no assessable profit for the year (2009: Nil).

	Continuing operations		**Discontinued operation**		**Total**	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
The Group:						
Current taxation:						
— Hong Kong	**805**	474	**—**	—	**805**	474
Under provision in prior year:						
— Hong Kong	**—**	8	**—**	—	**—**	8
Deferred tax (Note 37):						
— Convertible notes	**(459)**	(712)	**—**	—	**(459)**	(712)
— Plantation assets	**7,488**	—	**—**	—	**7,488**	—
— Revaluation of properties	**—**	—	**—**	(330)	**—**	(330)
	7,029	(712)	**—**	(330)	**7,029**	(1,042)
Total tax charge/(credit) for the year	**7,834**	(230)	**—**	(330)	**7,834**	(560)

Notes to the Consolidated Financial Statements

31 March 2010

12. TAXATION *(continued)*

The tax charge/(credit) for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

2010

	Hong Kong HK$'000 (Note 1)	%	Mainland China HK$'000 (Note 2)	%	Papua New Guinea HK$'000 (Note 3)	%	Total HK$'000	%
Profit/(loss) before taxation:	(117,544)		42,668		126,966		52,090	
Tax at the applicable income tax rate	(19,394)	(16.5%)	10,667	25.0%	38,090	30.0%	29,363	56.4%
Tax effect of income and expenses not taxable or deductible for tax purposes	15,945	13.6%	(11,295)	(26.5%)	(31,358)	(24.7%)	(26,708)	(51.3%)
Tax effect of unrecognised temporary differences	94	0.1%	45	0.1%	–	–	139	0.3%
Tax effect of tax losses not recognised	3,701	3.1%	583	1.4%	756	0.6%	5,040	9.6%
Tax charge at the effective tax rate for the year	346	0.3%	–	–	7,488	5.9%	7,834	15.0%

Notes to the Consolidated Financial Statements

31 March 2010

12. TAXATION *(continued)*

2009

	Hong Kong HK$'000 (Note 1)	%	Mainland China HK$'000 (Note 2)	%	Total HK$'000	%
Loss before taxation:						
Continuing operations	(89,541)		(96,642)		(186,183)	
Discontinued operation	(20,418)		—		(20,418)	
	(109,959)		(96,642)		(206,601)	
Tax at the applicable income tax rate	(18,143)	(16.5%)	(24,161)	(25.0%)	(42,304)	(20.5%)
Tax effect of income and expenses not taxable or deductible for tax purposes	11,236	10.2%	24,161	25.0%	35,397	17.1%
Tax effect of unrecognised temporary differences	3,231	3.0%	—	—	3,231	1.6%
Tax effect of tax losses utilised	(194)	(0.2%)	—	—	(194)	(0.1%)
Under provision in respect of prior year	8	—	—	—	8	—
Tax effect of tax losses not recognised	3,302	3.0%	—	—	3,302	1.6%
Tax credit at the effective tax rate for the year	(560)	(0.5%)	—	—	(560)	(0.3%)

Notes:

1. On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5%, which is effective from the year of assessment 2008/2009.

2. Subsidiaries in mainland China are subject to PRC Enterprise Income Tax at 25% for the years ended 31 March 2010 and 2009.

3. The standard Papua New Guinea profit tax rate is 30%.

Notes to the Consolidated Financial Statements

31 March 2010

13. LOSS FOR THE YEAR

The net loss for the year dealt with in the financial statements of the Company amounted to approximately HK$148,701,000 (2009: HK$19,498,000).

14. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2010 (2009: Nil).

15. EARNINGS/(LOSS) PER SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR

From continuing and discontinued operations

The calculation of the basic earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	2010	2009
	HK$'000	HK$'000
Profit/(loss)		
Profit/loss for the purpose of basic earnings/(loss) per share (profit/(loss) for the year attributable to the owners of the Company)	**37,331**	(206,041)

	2010	2009
	'000	'000
Number of shares		
Weighted average number of shares for the purpose of basic earnings/(loss) per share	**7,691,500**	7,691,500

Diluted earnings per share from continuing and discontinued operations for the year ended 31 March 2010 was the same as the basic earnings per share. The Company's convertible notes were not included in the calculation of diluted earnings per share from both continuing and discontinued operations because the effect of the Company's convertible notes was anti-dilutive.

Diluted loss per share from both continuing and discontinued operations for the year ended 31 March 2009 was the same as the basic loss per share. The Company's outstanding convertible notes were not included in the calculation of diluted loss per share from both continuing and discontinued operations because the effect of the Company's outstanding convertible notes was anti-dilutive.

Notes to the Consolidated Financial Statements

31 March 2010

15. EARNINGS/(LOSS) PER SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR *(continued)*

From continuing operations

The calculation of the basic and diluted earnings/(loss) per share from continuing operations attributable to the owners of the Company is based on the following data:

	2010	2009
	HK$'000	HK$'000
Profit/(loss) for the year attributable to the owners of the Company	**37,331**	(206,041)
Less: Loss for the year from discontinued operation	**—**	(20,088)
Profit/(loss) for the purpose of basic earnings/(loss) per share from continuing operations	**37,331**	(185,953)

The denominator used for basic earnings/(loss) per share from continuing operations is the same as those detailed above.

Diluted earnings/(loss) per share for the year ended 31 March 2010 and 2009 were the same as the basic earnings/(loss) per share. The Company's convertible notes were not included in the calculation of diluted earning/(loss) per share from continuing operations because the effect of the Company's convertible notes was anti-dilutive.

From discontinued operation

Basic and diluted loss per share for discontinued operation for the year ended 31 March 2009 was HK0.26 cents per share based on the loss for the year from discontinued operation of approximately HK$20,088,000.

The denominator used for basic loss per share from discontinued operation is the same as those detailed above. Diluted loss per share from discontinued operation for the year ended 31 March 2009 was the same as the basic loss per share. The Company's outstanding convertible notes were not included in the calculation of diluted loss per share from discontinued operation because the effect of the Company's outstanding convertible notes was anti-dilutive.

Notes to the Consolidated Financial Statements

31 March 2010

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Machineries HK$'000	Total HK$'000
Cost					
At 1 April 2008	624	4,689	647	81	6,041
Additions	415	575	113	31	1,134
Acquisition of subsidiaries (Note 41)	99	67	151	—	317
Disposals	(29)	(62)	(246)	—	(337)
Disposals of subsidiaries (Note 42)	—	(299)	—	—	(299)
Exchange realignment	29	32	11	—	72
At 31 March 2009 and 1 April 2009	1,138	5,002	676	112	6,928
Additions	188	884	214	131	1,417
Acquisition of subsidiaries (Note 41)	4	—	72	—	76
Disposals	(7)	(87)	—	—	(94)
Exchange realignment	4	2	—	—	6
At 31 March 2010	**1,327**	**5,801**	**962**	**243**	**8,333**
Accumulated depreciation and impairment					
At 1 April 2008	115	4,025	74	26	4,240
Charge for the year	269	314	114	29	726
Written back on disposals	(10)	(5)	(74)	—	(89)
Disposals of subsidiaries (Note 42)	—	(74)	—	—	(74)
At 31 March 2009 and 1 April 2009	374	4,260	114	55	4,803
Charge for the year	302	458	127	52	939
Written back on disposals	(4)	(82)	—	—	(86)
At 31 March 2010	**672**	**4,636**	**241**	**107**	**5,656**
Net book value					
At 31 March 2010	**655**	**1,165**	**721**	**136**	**2,677**
At 31 March 2009	764	742	562	57	2,125

Notes to the Consolidated Financial Statements

31 March 2010

17. PROPERTY UNDER DEVELOPMENT

	The Group
	HK$'000
At 1 April 2008	2,528
Additions	15,491
Additions through acquisition of subsidiaries (Note 41)	987
Exchange realignment	1,289
At 31 March 2009 and 1 April 2009	20,295
Additions	36,047
Exchange realignment	76
At 31 March 2010	**56,418**
At 31 March 2009	20,295

Analysis of property under development:

	2010	2009
	HK$'000	HK$'000
Amortisation of prepaid lease payments	**15,433**	8,118
Construction costs	**40,985**	12,177
	56,418	20,295

Notes to the Consolidated Financial Statements

31 March 2010

18. PREPAID LEASE PAYMENTS

	The Group
	HK$'000
Cost	
At 1 April 2008	399,055
Additions	1,480
Additions through acquisition of subsidiaries (Note 41)	185,000
Revaluation arisen from further acquisition	4,651
Exchange realignment	6,848
At 31 March 2009 and 1 April 2009	597,034
Exchange realignment	4,427
At 31 March 2010	**601,461**
Accumulated amortisation and impairment	
At 1 April 2008	31,536
Charge for the year	6,199
Impairment of prepaid lease payments	100,168
Exchange realignment	1,231
At 31 March 2009 and 1 April 2009	139,134
Charge for the year	7,315
Reversal of impairment of prepaid lease payments	(45,327)
Exchange realignment	724
At 31 March 2010	**101,846**
Net book value	
At 31 March 2010	**499,615**
At 31 March 2009	457,900

The prepaid lease payments comprise of leasehold land situated in mainland China held under long-term leases.

Amortisation expense on prepaid lease payments of approximately HK$7,315,000 (2009: HK$6,199,000) has been capitalised to property under development for the year.

Notes to the Consolidated Financial Statements

31 March 2010

18. PREPAID LEASE PAYMENTS *(continued)*

Reversal of impairment loss of approximately HK$45,327,000 (2009: impairment loss of HK$100,168,000) in respect of prepaid lease payments was recognised during the year ended 31 March 2010 by reference to the valuation report issued by Savills Valuation and Professional Services Limited, an independent qualified professional valuers at 31 March 2010 which valued the assets on market value basis. The reversal of impairment was due to rebound of mainland China property market.

Analysed for reporting purposes as:

	2010	2009
	HK$'000	HK$'000
Current assets (included in prepayments, deposits and other receivables)	**7,400**	6,672
Non-current assets	**492,215**	451,228
	499,615	457,900

19. PLANTATION ASSETS

	The Group	
	2010	2009
	HK$'000	HK$'000
At the beginning of the year	**—**	—
Additions through acquisition of subsidiaries (Note 41)	**392,012**	—
Changes in fair value less costs to sell	**24,960**	—
At the end of the year	**416,972**	—

The changes in fair value less costs to sell upon initial acquisition of the plantation assets represent the difference between the acquisition cost and the value of the new plantation assets at the date of acquisition.

The changes in fair value less costs to sell during the year represent the aggregate of the difference between the value of the existing plantation assets as of the beginning and end of the year and the difference between the value of the new plantation assets as of the second day of acquisition and end of the year.

During the year ended 31 March 2010, the Group acquired a forest concession in Papua New Guinea through acquisition of subsidiaries, which provides the Group with the right to exploit and harvest trees in approximately 238,000 hectares of forest area and to carry out plantation activities in the concession area. The Group has not harvested any wood during the year ended 31 March 2010.

Notes to the Consolidated Financial Statements

31 March 2010

19. PLANTATION ASSETS *(continued)*

As mentioned in Note 3, PT Pöyry Forest Industry Pte ("Pöyry"), the independent professional valuers has applied the net present value approach which requires a number of key assumptions and estimates in determining the fair value of the plantation assets. Pöyry and directors of the Company review these assumptions and estimates periodically to identify any significant change in the fair value.

During the year ended 31 March 2010, the professional valuer and the Group revised the estimated yield of the plantation assets based on the recent harvest information and latest forest survey data. The revision in estimated yield results in an estimated higher woodflow from the plantation assets in future periods and an increase in the fair value of plantation assets as at 31 March 2010 of approximately HK$24,960,000.

The Group's plantation assets in Papua New Guinea were independently valued by Pöyry. Pöyry is a specialist forest consulting firm. In view of the non-availability of market value for trees in Papua New Guinea, Pöyry has applied the net present value approach whereby projected future net cash flows, based on its assessment of current timber log prices, were discounted at the rate of 14% plantation assets for the year applied to pre-tax cash flows to provide a current market value of the plantation assets.

The principal valuation methodology and assumptions adopted are as follows:

— stands are scheduled to be harvested at or near their optimum economic age;

— the cash flows are those arising from the current rotation of trees only. No account was taken of revenues or costs from re-establishment following harvest, or of land not yet planted;

— the cash flows do not take into account income taxation and finance costs;

— the cash flows have been prepared in real terms and have not therefore included inflationary effects;

— the impact of any planned future activity of the business that may impact the pricing of the logs harvested from the forest is not take into account;

— costs are current average costs. No allowance has been made for cost improvements in future operations;

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

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

Notes to the Consolidated Financial Statements

31 March 2010

20. CONCESSION RIGHTS

The Group acquired concession rights to the forest located in Papua New Guinea through acquisition of the subsidiaries for a period of 50 years. The amortisation charge is included in cost of sales in the consolidated statement of comprehensive income.

	The Group
	HK$'000
Cost	
At 1 April 2008, 31 March 2009 and 1 April 2009	—
Additions through acquisition of subsidiaries (Note 41)	13,063
At 31 March 2010	**13,063**
Accumulated amortisation	
At 1 April 2008, 31 March 2009 and 1 April 2009	—
Charge for the year	123
At 31 March 2010	**123**
Net book value	
At 31 March 2010	**12,940**
At 31 March 2009	—

21. INVESTMENT PROPERTIES

	The Group	
	2010	2009
	HK$'000	HK$'000
Fair value:		
At the beginning of the year	–	70,250
Additions	–	51,560
Disposals of subsidiaries during the year (Note 42)	–	(98,766)
Net decrease in fair value	–	(23,044)
At the end of the year	–	—

Investment properties were revalued at their open market values during the year ended 31 March 2009 by Messrs Vigors Appraisal and Consulting Limited, independent qualified professional valuers not connected with the Group, on an open market value, existing use basis. This valuation gave rise to a loss arising from change in fair value of approximately HK$23,044,000 during the year ended 31 March 2009, which has been debited to the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

31 March 2010

22. GOODWILL

	The Group HK$'000
Cost:	
At 1 April 2008	6,573
Addition due to acquisition of subsidiaries (Note 41)	393
At 31 March 2009, 1 April 2009 and 31 March 2010	**6,966**
Impairment:	
At 1 April 2008	(5,073)
Impairment loss recognised	(1,893)
At 31 March 2009, 1 April 2009 and 31 March 2010	**(6,966)**
Net book value	
At 31 March 2010	**—**
At 31 March 2009	—

For the purpose of impairment testing, goodwill has been allocated to the cash-generating units, sales of fresh pork meat and related produce unit, property development unit and forestry and logging unit. The carrying amount of goodwill as at 31 March 2010 and 2009 is analysed as follows:

	Sale of fresh pork meat and related produce unit HK$'000	Property development unit HK$'000	Forestry and logging unit HK$'000	Total HK$'000
At 1 April 2008	1,500	—	—	1,500
Addition due to acquisition of subsidiaries	—	393	—	393
Impairment	(1,500)	(393)	—	(1,893)
At 31 March 2009, 1 April 2009 and 31 March 2010	**—**	**—**	**—**	**—**

During the year ended 31 March 2009, the Group assessed the recoverable amount of goodwill, and determined the goodwill associated with the sales of fresh pork meat and related produce unit was impaired by approximately HK$1,500,000 and the property development unit was impaired by approximately HK$393,000.

Notes to the Consolidated Financial Statements

31 March 2010

22. GOODWILL *(continued)*

Sales of fresh pork meat and related produce

The goodwill associated with sales of fresh pork meat and related produce arose when the business was acquired by the Group in 2007. During the year ended 31 March 2009, the directors of the Company determined to impair the goodwill directly related to sales of fresh pork meat and related produce business because the expected sales of this unit have not been attained.

Property development

The goodwill associated with property development arose when the Fuzhou property development unit was acquired by the Group in 2008. During the year ended 31 March 2009, the directors of the Company decided to impair the goodwill directly related to property development unit because the Fuzhou property market has declined following reaching its peak in mid 2009.

23. INTEREST IN AN ASSOCIATE

	The Group	
	2010	2009
	HK$'000	HK$'000
Cost of investment in an associate		
— listed in Hong Kong	**162,990**	162,990
Loss on deemed disposal of interest in an associate	**(39,631)**	(9,127)
Share of (loss)/profits	**(48,087)**	16,559
Provision of impairment	**—**	(44,183)
Reclassification to available-for-sale financial assets	**(75,272)**	—
	—	126,239
Fair value of listed associate	**—**	55,486

For the year ended 31 March 2010

On 19 June 2009, the associate of the Group, China Agri-Products Exchange Limited ("China Agri-Products") completed the placing of a total of two billion new shares, representing 68.5% of the enlarged issued share capital of China Agri-Products immediately after the completion of the placing. As a result, the Group's shareholding interest in China Agri-Products was diluted from 28.49% to 8.97%. Loss on deemed disposal of interest in an associate of approximately HK$39,631,000 was incurred. Taking into account such dilution, the Group's investment in China Agri-Products would be accounted for as available-for-sale financial assets.

Notes to the Consolidated Financial Statements

31 March 2010

23. INTEREST IN AN ASSOCIATE *(continued)*

For the year ended 31 March 2009

On 30 October 2008, the Group entered into a sales and purchase agreement acquired 27.14% of the issued share capital of China Agri-Products at a consideration of HK$150,000,000. The consideration was satisfied in cash. The amount of goodwill arising as a result of the acquisition was approximately HK$44,183,000. The completion of the acquisition was on 10 February 2010. Such transaction constituted a major transaction for the Company under the Listing Rules. For more details, please refer to the Company's circular dated 24 November 2008.

China Agri-Products completed the revised top-up placing and the revised top-up subscription on 20 February 2009 and 25 February 2009 respectively. The shareholding of the Group over China Agri-Products decreased to 22.62% after the top-up placing completed by China Agri-Products. Loss on deemed disposal of interest in an associate of approximately HK$9,127,000 was incurred. For more details, please refer to the Company's announcement dated 16 February 2009.

During the period from 23 February 2009 to 27 February 2009, the Group further acquired 54,000,000 issued share of China Agri-Products with a total consideration of approximately $12,990,000. The consideration was satisfied in cash. Excess of the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities over the cost of the Group's interest of approximately HK$11,974,000 incurred from this acquisition. After the acquisition, the Group hold 28.49% interest over China Agri-Products. For more details, please refer to the Company's announcements dated 23 February 2009 and 26 February 2009.

During the year ended 31 March 2009, the Group assessed the recoverable amount of the associate and determined the interest in an associate was impaired by approximately HK$44,183,000. The recoverable amount of the associate was assessed by reference to value in use. A discount factor of 13.96% per annum was applied in the value in use model.

The main factor contributing to the impairment was the profit generated by the associate did not turnout as expected. The recoverable amount of the associate is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management cover a five-year period, and a discount rate of 13.96% per annum.

Cash flow projections during the budget period is based on the same expected gross margins and the same raw material price inflation during the inflation period. The cash flows beyond that five year period have been extrapolated using a steady 2.2% per annum growth rate. This growth rate does not exceed the long term average growth rate for the market in which the associate operate. Management believes that a 2.2% per annum growth rate is reasonable.

Notes to the Consolidated Financial Statements

31 March 2010

23. INTEREST IN AN ASSOCIATE *(continued)*

For the year ended 31 March 2009 *(continued)*

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

(i) Budgeted sales

The values assigned to the assumptions reflect past experience which is consistent with management plans for focusing operation in the sales of property rental, restaurant operation and property investment. Management believe that the budgeted sales over the budget period is reasonably achievable.

(ii) Budgeted gross margin

Average gross margins achieved in the period immediately before the budget period is expected be steady over the budget period. Although the management expect the operating cost is fluctuate, it considers that the Group would adjust the selling price correspondingly in order to maintain its gross margin. After taking into account this factor, the management considers that it is reasonable to expect a stable gross margin over the budget period.

As at 31 March 2009, the particulars of the Group's associate are as follows:

Name	Business structure	Place of incorporation and operations	Class of share held	Portion of issued capital/voting power held by the Group	Principal activity
China Agri-Products	Corporate	Bermuda/ Mainland China	Ordinary	28.49%	Property rental, restaurant operation and property investment

The financial year end date for China Agri-Products is 31 December. For the purpose of applying the equity method of accounting, China Agri-Products has prepared a separate set of financial statements as of 31 March 2009. Appropriate adjustment has been made accordingly for the effects of significant transactions between that date and 31 March 2009.

Notes to the Consolidated Financial Statements

31 March 2010

23. INTEREST IN AN ASSOCIATE *(continued)*

Financial information of China Agri-Products is set out as follows:

	2010 HK$'000	2009 HK$'000
Total assets	–	2,014,500
Total liabilities	–	(1,320,500)
Minority interest	–	(250,900)
Net assets	–	443,100
Group's share of net assets of an associate	–	126,239
Revenue	**21,245**	10,119
Loss for the period from 1 April 2009 to the date of deemed disposal (2009: profit for the period from the date of acquisition to 31 March 2009)	**(168,786)**	16,094
Group's share of loss of an associate for the period from 1 April 2009 to the date of deemed disposal (2009: Group's share of profit of an associate for the period from the date of acquisition to 31 March 2009)	**(48,087)**	4,585

24. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

During the year ended 31 March 2009, the Group had further acquired the remaining 50% share capital of the jointly-controlled entities by acquiring the entire issued share capital of Strengthen Investments Limited ("Strengthen Investments"), which is a beneficial owner of another 50% share capital of the jointly-controlled entities. After the completion of the acquisition, the jointly-controlled entities become the indirect wholly-owned subsidiaries of the Company. For details, please refer to Note 41 of the consolidated financial statements.

25. INTERESTS IN SUBSIDIARIES

	The Company	
	2010 HK$'000	2009 HK$'000
Unlisted shares, at costs	–	–
Amounts due from subsidiaries	**861,416**	912,030
Amount due to a subsidiary	**2,052**	23,302

The amount due from/(to) subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements

31 March 2010

25. INTERESTS IN SUBSIDIARIES *(continued)*

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation and operation	Nominal value of ordinary/ paid up share capital	Percentage of equity attributable to the Company	Principal activities
Directly held				
Loyal Fame International Limited	BVI	US$1	100%	Investment holding
Indirectly held				
Billion Trader Investments Limited	BVI	US$1	100%	Securities investment
Fuzhou Wang On Property Development Co., Ltd	PRC	RMB340,000,000	100%	Property development
Golden Maker Investment Limited	Hong Kong	HK$10,000	100%	Investment holding
Golden Maker (Dongguan) Property Development Co., Limited	PRC	RMB141,768,767	100%	Property development
Greatest Wealth Limited ("Greatest Wealth")	Hong Kong	HK$100	100%	Operation of retail stalls selling fresh pork meat and related produce
Imopil Limited	PNG	Kina1	100%	Timber logging, forest operation and management
LeRoi Corporate Management Services Limited (formerly known as Top Infinity Limited)	Hong Kong	HK$1	100%	Provision of administrative services
Onger Investments Limited	BVI	US$1	100%	Investment
Skywalker Global Resources Company Limited	Hong Kong	HK$2,800,000	51%	Investment holding
Skywalker Global Resources Company (PNG) Limited	PNG	Kina200	51%	Timber logging, forest operation and management
Vast Time Limited	Hong Kong	HK$1,000	100%	Investment holding

None of the subsidiaries issued debt securities during the year or at the year end.

The above table lists the subsidiaries of the Group, which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive lengths.

Notes to the Consolidated Financial Statements

31 March 2010

26. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2010	2009
	HK$'000	HK$'000
Equity securities listed in Hong Kong, at fair value	**91,186**	—

The fair values of the listed equity securities are determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited.

27. INVENTORIES

	The Group	
	2010	2009
	HK$'000	HK$'000
Finished goods	**179**	69

28. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit terms are generally for a period of 30 days for sales of fresh pork meat and related produce operation segment. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. No trade receivable is past due at the reporting date. The Group does not hold any collateral over these balances.

An aged analysis of the Group's trade receivables as at the end of the reporting period, based on invoice date, is as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
Within 30 days	**46**	15

Notes to the Consolidated Financial Statements

31 March 2010

29. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise:

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current assets:				
Designated at FVTPL:				
— Unlisted debt securities (note a)	**—**	4,110	**—**	4,110
Current assets:				
Held for trading:				
— Equity securities listed in Hong Kong (note b)	**20,329**	13,755	**—**	—
— Unlisted bond fund (note c)	**3,148**	2,896	**—**	—
	23,477	16,651	**—**	—
	23,477	20,761	**—**	4,110

Notes:

(a) The unlisted debt securities are denominated in US dollar with the maturity date on 16 February 2011. The fair value of debt securities is determined by reference to the quoted market bid price.

(b) The fair values of the listed equity securities are determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited.

(c) The unlisted bond fund is denominated in US dollar. The fair value of unlisted bond fund is determined by reference to the quoted market bid price.

30. CASH AND BANK BALANCES

At the end of the reporting period, the cash and bank balances of the Group included currencies denominated in RMB amounted to approximately HK$1,676,000 (2009: HK$1,582,000) which is not freely convertible into other currencies.

Notes to the Consolidated Financial Statements

31 March 2010

31. TRADE PAYABLES

An aged analysis of the Group's trade payables at the end of the reporting period, based on invoice date, is as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
Within 90 days	**291**	316

32. AMOUNTS DUE TO RELATED COMPANIES

The Group

The amounts due to related companies are unsecured, interest-free and repayable on demand.

33. DERIVATIVE FINANCIAL INSTRUMENTS

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
.				
Assets:				
Redemption option of convertible notes				
At the beginning of the year	**2,568**	3,434	**2,568**	3,434
Fair value change	**(2,568)**	(866)	**(2,568)**	(866)
At the end of the year	**–**	2,568	**–**	2,568

Note:

Pursuant to the agreement in relation to the issuance of convertible notes with a principal amount of HK$190,000,000 (Note 36), a redemption option is held by the Company. The Company may at any time from the date of issue of the convertible notes up to the date immediately before the maturity date of the convertible notes, redeem the convertible notes up to the date immediately before the maturity date of the convertible notes, redeem the convertible notes (in whole or in part) at the principal amount of the convertible note to be redeemed.

Notes to the Consolidated Financial Statements

31 March 2010

33. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

The redemption option derivatives are carried at fair value at the end of the reporting period. The fair value of the conversion option derivatives embedded in the convertible notes as at 31 March 2009 is approximately HK$2,568,000 and is calculated using the Black Scholes model. Details of the variables and assumptions of the model are as follows:

Date of issue:	5 October 2007
Share price at date of valuation:	HK$0.12
Remaining life at 31 March 2009:	3.5 years
Risk free interest rate:	1.33%
Expected volatility:	1.47%

34. INTEREST-BEARING LOANS FROM A RELATED COMPANY

The Group and the Company

As at 31 March 2010

The Group obtained new loans with principal amount of HK$20,000,000, HK$10,000,000 and HK$65,000,000 respectively from a related company, Fully Finance Limited ("Fully Finance"). The loans are unsecured, carry interest at 6%-8% per annum and repayable on 15 June 2011, 3 November 2011 and 14 January 2013 respectively.

The loan with a principal amount of HK$40,000,000 from Fully Finance during the year ended 31 March 2009, is unsecured, carries interest at 6% per annum and is repayable on 28 January 2011. The loan is classified as current liabilities in the statements of financial position due to its short-term maturity date.

Fully Finance is an indirect wholly owned subsidiary of Wang On Group Limited ("WOG") which held 8.68% of the shareholding interests in Wai Yuen Tong Medicine Holdings Limited ("WYT") which in turn held 49.0% of the shareholding interests in the Company as at 31 March 2010.

As at 31 March 2009

The loan with a principal amount of HK$40,000,000 from Fully Finance, is unsecured, carries interest at 6% per annum and is repayable on 28 January 2011.

Fully Finance is an indirect wholly owned subsidiary of WOG which held 23.89% of the shareholding interests in WYT which in turn held 29.97% of the shareholding interests in the Company as at 29 January 2009.

Notes to the Consolidated Financial Statements

31 March 2010

35. INTEREST-BEARING LOANS FROM AN IMMEDIATE HOLDING COMPANY

The Group and the Company

As at 31 March 2010

The loan with a principal amount of HK$10,000,000 from an immediate holding company, Gain Better Investments Limited ("Gain Better"), is unsecured, carries interest at 8% per annum and is repayable on 19 July 2011.

The loan with a principal amount of HK$190,000,000 from Gain Better, is unsecured, carries interest at 8% per annum and is repayable on 12 November 2013. The loan was granted to the Company by Gain Better for early redemption of convertible notes with a principal amount of HK$190,000,000 (Note 36).

36. CONVERTIBLE NOTES

The Group and the Company

On 5 October 2007, the Company issued 3% convertible notes with a principal amount of HK$190,000,000. Each note entitled the holder to convert to ordinary share of the Company at a conversion price of HK$0.12 each (subject to adjustment as stipulated in the agreement of the convertible notes). The convertible notes carry interest at a rate of 3% per annum, which is payable semi-annually in arrears. The maturity date of the convertible notes is 5 years later. The effective interest rate of the liability component is 5.92% per annum.

On 19 November 2009, the whole convertible notes with a principal amount of HK$190,000,000 were early redeemed by entering into an interest-bearing loan of HK$190,000,000 with the convertible notes holder (Note 35).

The convertible notes contain two components, liability and equity elements. The equity element is presented in equity heading "Convertible notes equity reserve". The convertible notes have been split as to the liability and equity components, as follows:

	2010 **HK$'000**	2009 HK$'000
Liability component at the beginning of the year	**172,674**	168,355
Early redemption of convertible notes	**(175,458)**	—
Interest expense charged	**6,305**	10,019
Interest payable	**(3,521)**	(5,700)
Liability component at the end of the year	**—**	172,674

The fair value of the liability component of the convertible notes as at 31 March 2009 was determined base on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan at the end of the reporting period, approximate the corresponding carrying amounts. For details, please refer to Note 4(c) to the consolidated financial statements.

Notes to the Consolidated Financial Statements

31 March 2010

37. DEFERRED TAXATION

The followings are the major deferred tax balances recognised and movements thereon during the years ended 31 March 2010 and 2009:

Deferred tax liabilities

The Group:

	Convertible notes HK$'000	**Revaluation of properties** HK$'000	**Plantation assets** HK$'000	**Total** HK$'000
At 1 April 2008	3,571	330	—	3,901
Release upon disposal of subsidiaries (Note 9)	—	(330)	—	(330)
Credit to consolidated statement of comprehensive income for the year (Note 12)	(712)	—	—	(712)
At 31 March 2009 and 1 April 2009	2,859	—	—	2,859
Credit to consolidated statement of comprehensive income for the year (Note 12)	(459)	—	7,488	7,029
Acquisition of subsidiaries (Note 41)	—	—	121,522	121,522
Reversal of deferred tax due to early redemption of convertible notes	(2,400)	—	—	(2,400)
At 31 March 2010	**—**	**—**	**129,010**	**129,010**

The Company:

	Convertible notes HK$'000
At 1 April 2008	3,571
Credit to statement of comprehensive income for the year	(712)
At 31 March 2009 and 1 April 2009	2,859
Credit to statement of comprehensive income for the year	(459)
Reversal of deferred tax due to early redemption of convertible notes	(2,400)
At 31 March 2010	**—**

As at 31 March 2010 and 2009, the Group has estimated tax losses arising in Hong Kong of approximately HK$42,050,000 (2009: HK$35,747,000) that are available indefinitely for offsetting against future taxable profits of companies in which the losses arose. No deferred tax assets have been recognised due to the unpredictability of future profits streams.

Notes to the Consolidated Financial Statements

31 March 2010

38. SHARE CAPITAL

	Number of shares		Share capital	
	2010	2009	**2010**	2009
	'000	'000	**HK$'000**	HK$'000
Authorised:				
At the beginning of the year, ordinary shares of HK$0.01 each	**20,000,000**	20,000,000	**200,000**	200,000
At the end of the year, ordinary shares of HK$0.01 each	**20,000,000**	20,000,000	**200,000**	200,000
Issued and fully paid:				
At the beginning of the year, ordinary shares of HK$0.01 each	**7,691,500**	7,691,500	**76,915**	76,915
At the end of the year, ordinary shares of HK$0.01 each	**7,691,500**	7,691,500	**76,915**	76,915

Share option scheme

Details of the Company's share option scheme are included in Note 39 to the consolidated financial statements.

39. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, and customers of the Group. The Scheme became effective on 8 October 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

Notes to the Consolidated Financial Statements

31 March 2010

39. SHARE OPTION SCHEME *(continued)*

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than five years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the nominal value of a share of the Company; (ii) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; and (iii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer of the share options.

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

As at the date of this report, the total number of shares available for issue under the Scheme is 769,150,000 shares, representing 10% of the share capital of the Company in issue as at the date of this report.

Up to the date of this report, no share options have been granted by the Company under the Scheme.

40. RESERVES

(a) The Group

The amounts of the Group's reserves and the movement therein for the current and prior years are presented in the consolidated statement of changes in equity on page 41 of the consolidated financial statements.

The share premium of the Group includes shares issued in premium.

Included in the revaluation reserve, amount of approximately HK$4,651,000 represents the adjustment on change in fair values on previously held 50% interest of prepaid lease payments. The Group initially acquired 50% equity interest on 10 December 2007 and further acquired the remaining 50% equity interest on 16 September 2008.

Notes to the Consolidated Financial Statements

31 March 2010

40. RESERVES *(continued)*

(b) The Company

	Share premium HK$'000 (Note i)	Convertible notes equity reserve HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2008	696,251	26,222	—	(52,720)	669,753
Net loss for the year	—	—	—	(19,498)	(19,498)
At 31 March 2009 and 1 April 2009	696,251	26,222	—	(72,218)	650,255
Early redemption of convertible notes	—	(26,222)	—	7,926	(18,296)
Net loss for the year	—	—	—	(148,701)	(148,701)
At 31 March 2010	**696,251**	**—**	**—**	**(212,993)**	**483,258**

Note:

(i) The share premium account of the Company includes (i) share issued at a premium; and (ii) the excess of the combined net assets of the subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor pursuant to the group reorganisation upon the listing of the Company.

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

At 31 March 2010, the Company's reserves available for distribution to its shareholders amounting to approximately HK$434,153,000 (2009: HK$574,928,000) and calculated in accordance with the Companies Law (2002 Revision) (Cap.22) of the Cayman Islands and the articles of association of the Company.

Notes to the Consolidated Financial Statements

31 March 2010

41. ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2010

The Group entered into an agreement signed on 13 July 2009 and a supplemental agreement on 12 October 2009 to acquire 51% of the equity interest of Skywalker Global Resources Company Limited ("Skywalker") at a consideration of approximately HK$35,300,000 and related transaction cost of approximately HK$4,687,000. The consideration was satisfied in cash. Skywalker is an investment holding company and its sole asset is the entire issued share capital of Skywalker Global Resources Company (PNG) Limited ("PNG Co"). PNG Co is principally engaged in the business of timber logging, forest operation and management, and owns a concession right for timber logging of the Maimai Forest Land in Papua New Guinea. The amount of excess of acquirer's interest in the net fair value of acquiree's identifiable net assets arising as a result of the acquisition was approximately HK$104,650,000.

Such transaction constituted a disclosable transaction for the Company under the Listing Rules. For more details, please refer to the Company's announcements dated 11 June 2009, 13 July 2009 and 12 October 2009.

Net assets acquired:

	Acquiree's carrying amount HK$'000	Fair value adjustment HK$'000	Fair values HK$'000
Property, plant and equipment	76	—	76
Plantation assets	—	392,012	392,012
Concession rights	—	13,063	13,063
Cash and bank balances	11	—	11
Other payables and accruals	(37)	—	(37)
Deferred tax liabilities	—	(121,522)	(121,522)
			283,603
Minority interests			(138,966)
Excess of acquirer's interest in the net fair value of acquiree's identifiable net assets			(104,650)
Total consideration paid			39,987
Total consideration (including transaction cost) satisfied by:			
Paid			24,187
Payable			15,800
Cash consideration			39,987
Analysis of the net cash outflow in respect of the acquisition of subsidiaries:			
Cash paid			24,187
Cash and bank balances acquired			(11)
Net cash outflow in respect of the acquisition of subsidiaries			24,176

Notes to the Consolidated Financial Statements

31 March 2010

41. ACQUISITION OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2010 *(continued)*

Excess of acquirer's interest in the net fair value of acquiree's identifiable net assets arose in the business combination is attributable to the discount on the cost of the combination paid to acquire Skywalker. The Group has reassessed the fair value of acquiree's identifiable net assets and considered the values of net assets are measured reliably.

During the year ended 31 March 2010, turnover of approximately HK$112,000 was contributed by Skywalker and its subsidiary. Included in the profit for the year is HK$127,089,000 attributable by Skywalker and its subsidiary.

Had the acquisition been effected at 1 April 2009, the revenue of the Group would have been HK$58,987,000 and the profit for the year would have been HK$44,331,000. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2009, nor is it intended to be a projection of future results.

For the year ended 31 March 2009

On 31 July 2008, the Group entered into an agreement to acquire the entire equity interest of Strengthen Investments and a related shareholder's loan in the principal amount of approximately HK$195,000,000 at an aggregate consideration of approximately HK$197,800,000. The consideration was satisfied in cash. The amount of goodwill arising as a result of the acquisition was approximately HK$393,000. The acquisition was completed on 16 September 2008.

Strengthen Investments holds 50% of the issued share capital of Vast Time Limited and its subsidiaries (collectively referred to as the "Vast Time Group"), the remaining 50% interest of which is beneficially owned by the Group. After the acquisition, Vast Time Group becomes the wholly owned subsidiaries of the Group.

Strengthen Investments is an indirect wholly-owned subsidiary of WOG which held 23.59% of the shareholding interests in WYT which in turn held 29.97% of the shareholding interests in the Company as at 31 July 2008. Such transaction constituted a major transaction for the Company under the Listing Rules. For more details, please refer to the Company's circular dated 21 August 2008.

Notes to the Consolidated Financial Statements

31 March 2010

41. ACQUISITION OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2009 *(continued)*

Net assets acquired:

	The carrying amount of the acquiree's net asset before combination and at their fair values HK$'000
Property, plant and equipment	317
Prepaid lease payments	185,000
Property under development	987
Prepayments, deposits and other receivables	211
Cash and bank balance	11,054
Other payables and accruals	(162)
	197,407
Goodwill (Note 22)	393
	197,800

Total consideration satisfied by:

Cash consideration	197,800

Analysis of the net cash outflow in respect of the acquisition of subsidiaries:

Cash paid	197,800
Cash and bank balances acquired	(11,054)
Net cash outflow in respect of the acquisition of subsidiaries	186,746

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

During the year ended 31 March 2009, no turnover was contributed by Strengthen Investments and its subsidiaries to the Group's turnover for the period from the date of acquisition to the end of the reporting period.

Notes to the Consolidated Financial Statements

31 March 2010

42. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2009

On 13 February 2009, the Group entered into a share sales agreement with Wang On Enterprises (BVI) Limited ("Wang On Enterprises") to dispose of the Group's entire equity interest in Everlong Limited, a then indirect wholly owned subsidiary of the Company, and its subsidiaries (collectively referred to as the "Everlong Group") at a consideration of approximately HK$63,400,000. The disposal of Everlong Group was completed on 25 March 2009.

Wang On Enterprises is a wholly owned subsidiary of WOG which held 25.32% of the shareholding interests in WYT which in turn held 29.97% of the shareholding interests in the Company as at 13 February 2009. Such disposal constituted a disclosable transaction of the Company under the Listing Rules. For more details, please refer to the Company's announcement dated 13 February 2009.

The Group discontinued its investment holding business operations at the time of disposal of Everlong Group. The net assets of Everlong Group at the date of disposal were as follows:

Net assets disposed of:

	HK$'000
Property, plant and equipment	225
Investment properties	98,766
Trade receivables	18
Prepayments, deposits and other receivables	198
Cash and bank balance	1,568
Other payables and accruals	(1,920)
Interest-bearing bank loans	(33,391)
	65,464
Loss on disposal of subsidiaries from discontinued operations (Note 9)	(2,064)
Total consideration:	
Cash	63,400

Analysis of the net cash inflow in respect of the disposal of subsidiaries:

Cash received	63,400
Cash and bank balances disposed of	(1,568)
Net cash inflow in respect of the disposal of subsidiaries	61,832

The impact of Everlong Group on the Group's results and cash flows is disclosed in Note 9 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

31 March 2010

43. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office premises and pork stalls under operating lease arrangements which are negotiated for lease terms of from one to three years.

At 31 March 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2010	2009
	HK$'000	HK$'000
Within one year	**6,625**	5,326
In the second to fifth years, inclusive	**8,462**	2,718
	15,087	8,044

The Company has no material operating lease commitments as at 31 March 2010 (2009: Nil).

44. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, during the years ended 31 March 2010 and 2009, the Group had entered into the following transactions with related parties which, in the opinion of the directors, were carried out in the ordinary course of the Group's business.

(i) On 15 January 2010, the Company obtained HK$65,000,000 loans from Fully Finance, an indirect wholly-subsidiary of WOG which held 8.68% of the shareholding interest in WYT which in turn held 49% of the shareholding interests in the Company as at 15 January 2010, carries interest at a rate of 8% per annum with maturity date on 14 January 2013.

(ii) On 13 November 2009, the Company jointly announced with WYT that the Offer became unconditional in all respects. Upon completion of the transfer of the 1,463,835,000 shares of HK$0.01 each in the Company pursuant to the Offer, WYT, together with its subsidiaries, held 3,768,835,000 shares in the Company, representing 49% of the issued share capital and voting rights of the Company as at the date of this report. For more details, please refer to the Company's announcement dated 13 November 2009.

(iii) On 13 November 2009, the Company was granted a loan of HK$190 million by Gain Better under loan agreement dated 28 August 2009 entered into between the Company and Gain Better for early redemption of the convertible bonds with an aggregate outstanding principal amount of HK$190 million issued by the Company to Gain Better on 5 October 2007.

(iv) On 4 November 2009, the Company obtained HK$10,000,000 loan from Fully Finance, an indirect wholly-subsidiary of WOG which held 21.85% of the shareholding interest in WYT which in turn held 29.97% of the shareholding interests in the Company as at 4 November 2009, carries interest as a rate of 6% per annum with maturity date on 3 November 2011.

Notes to the Consolidated Financial Statements

31 March 2010

44. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(v) On 20 July 2009, the Company obtained a HK$10,000,000 loan from Gain Better, a wholly-owned subsidiary of WYT and a shareholder of the Company, carried interest at a rate of 8% per annum with maturity date on 19 July 2011.

(vi) On 16 June 2009, the Company obtained HK$20,000,000 loan from Fully Finance, an indirect wholly-subsidiary of WOG which held 21.85% of the shareholding interest in WYT which in turn held 29.97% of the shareholding interests in the Company as at 16 June 2009, carries interest at a rate of 6% per annum with maturity date on 15 June 2011.

(vii) During the year ended 31 March 2010, the leasing of retail stalls from Wang On Majorluck Limited or Majorluck Limited, which were indirect wholly-owned subsidiaries of WOG, to Greatest Wealth for the operation of its sales of fresh pork meat and related produce of approximately HK$6,771,000 (2009: HK$5,835,000).

(viii) During the year ended 31 March 2010, management fee of HK$960,000 (2009: HK$960,000) was paid to WOG for the provision of management service to the Company constitute a connected transaction.

(ix) On 23 February 2009, the Company obtained a HK$10,000,000 loan from Gain Better, a wholly owned subsidiary of WYT and a shareholder of the Company, carried interest at a rate of 8% per annum with maturity date on 22 February 2009. The loan was fully repaid during the year ended 31 March 2009.

(x) On 13 February 2009, the Group entered into a sales agreement with Wang On Enterprises to dispose entire equity interest in Everlong Limited to Wang On Enterprises, at a consideration of approximately HK$63,400,000. Wang On Enterprises is a wholly-owned subsidiary of WOG which held 25.32% of the shareholding interests in WYT which in turn held 29.97% of the shareholding interests in the Company as at 13 February 2010. The disposal of Everlong Group was completed on 25 March 2009.

(xi) On 28 January 2009, the Company obtained a HK$40,000,000 loan from Fully Finance, an indirect wholly owned subsidiary of WOG which held 25.32% of the shareholding interest in WYT which in turn held 29.97% of the shareholding interests in the Company, carries interest at a rate of 6% per annum with maturity date on 27 January 2011.

(xii) On 31 July 2008, the Group entered into an agreement to acquire entire equity interest in Strengthen Investments at a consideration of HK$197,800,000. Strengthen Investments is the then wholly-owned subsidiary of WOG which held 23.59% of the shareholding interests in WYT which in turn held 29.97% of the shareholding interests in the Company as at 31 July 2008. The acquisition was completed on 16 September 2008.

(xiii) During the year ended 31 March 2009, the Group acquired listed equity securities of WYT from the open market. The fair value of the equity securities are based on quoted market bid prices available on The Stock Exchange of Hong Kong Limited. The total consideration was approximately HK$1,161,000.

Notes to the Consolidated Financial Statements

31 March 2010

44. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

Key management personnel compensation

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 10 is as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**5,475**	3,618
Retirement benefits scheme contributions	**69**	30
	5,544	3,648

45. CAPITAL COMMITMENT

At 31 March 2010, the Group had the following capital commitment:

	2010	2009
	HK$'000	HK$'000
Contracted but not provided for:		
Additions of property under development	**313,563**	—

As at 31 March 2010, the Company did not have any significant commitments.

46. CONTINGENT LIABILITIES

The Group and the Company have no material contingent liabilities as at 31 March 2010 (2009: Nil).

47. SUBSEQUENT EVENTS

The Group and the Company had no significant event took place subsequent to the end of the reporting period.

48. COMPARATIVE FIGURES

Certain items in the consolidated financial statements have been reclassified to confirm with the current year's presentation.

49. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 5 July 2010.

Five Year Financial Summary

31 March 2010

SUMMARY OF THE RESULTS, ASSETS AND LIABILITIES OF THE GROUP FOR THE LAST FIVE YEARS IS AS FOLLOWS:

	Consolidated year ended 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Continuing operations					
Turnover	**58,987**	61,822	44,734	32,769	78,833
Cost of sales	**(34,915)**	(38,740)	(29,709)	(21,707)	(58,577)
Gross profit	**24,072**	23,082	15,025	11,062	20,256
Other revenue	**1,739**	4,587	12,128	115	66
Other income	**—**	896	190	1,712	443
Selling and distribution expenses	**(18,752)**	(16,976)	(12,775)	(9,392)	(12,258)
Administrative expenses	**(29,205)**	(33,774)	(22,766)	(14,002)	(15,111)
Finance costs	**(17,329)**	(10,493)	(7,066)	(446)	(6)
Impairment of prepaid lease payment	**—**	(95,517)	(29,617)	—	—
Reversal of impairment of prepaid lease payments	**45,327**	—	—	—	—
Change in fair value of plantation assets less costs to sell	**24,960**	—	—	—	—
Impairment of goodwill	**—**	(1,893)	(3,558)	(1,515)	—
Impairment of interest in an associate	**—**	(44,183)	—	(265)	(105)
Loss on deemed disposal of interest in an associate	**(39,631)**	(9,127)	—	—	—
Share of (loss)/profit of an associate	**(48,087)**	16,559	—	(1,962)	68
Fair value changes on financial assets at fair value through profit or loss	**8,844**	(19,821)	(2,534)	—	—
Impairment of available-for-sale financial assets	**(8,084)**	—	—	—	—
Fair value changes on derivative financial instruments	**(2,568)**	477	(4,034)	—	—
Gain on early redemption of convertible notes	**6,154**	—	—	—	—
Excess of acquirer's interest in the net fair value of acquiree's identifiable net assets	**104,650**	—	—	—	—
Impairment of property, plant and equipment	**—**	—	(40)	(701)	(663)
Impairment loss on trade receivables	**—**	—	—	(10,405)	(11,328)
Impairment loss on other receivables	**—**	—	(777)	—	—
Loss on early redemption of a shareholder's loan	**—**	—	(1,041)	—	—
Provision for obsolete inventories	**—**	—	—	(18,770)	(20,740)

Five Year Financial Summary

31 March 2010

SUMMARY OF THE RESULTS, ASSETS AND LIABILITIES OF THE GROUP FOR THE LAST FIVE YEARS IS AS FOLLOWS: *(continued)*

	Consolidated year ended 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Profit/(loss) before taxation	**52,090**	(186,183)	(56,865)	(44,569)	(39,378)
Taxation	**(7,834)**	230	30	(6)	(32)
Profit/(loss) for the year from continuing operations	**44,256**	(185,953)	(56,835)	(44,575)	(39,410)
Discontinued operations					
Loss for the year from discontinued operations	**—**	(20,088)	(2,318)	—	—
Profit/(loss) for the year	**44,256**	(206,041)	(59,153)	(44,575)	(39,410)
Profit/(loss) for the year attributable to:					
— Owners of the Company	**37,331**	(206,041)	(59,153)	(43,814)	(39,410)
— Minority interests	**6,925**	—	—	(761)	—
	44,256	(206,041)	(59,153)	(44,575)	(39,410)
Profit/(loss) per share					
— Basic (HK cents)	**0.49**	(2.68)	(1.41)	(5.41)	(4.87)
— Diluted (HK cents)	**0.49**	(2.42)	(1.41)	(5.41)	(4.87)

	Consolidated as at 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**1,207,815**	711,555	869,038	80,182	79,588
Total liabilities	**(496,247)**	(224,720)	(182,432)	(78,015)	(34,726)
	711,568	486,835	686,606	2,167	44,862
Equity attributable to owners of the Company	**565,729**	486,835	686,606	2,167	44,862
Minority interests	**145,839**	—	—	—	—
	711,568	486,835	686,606	2,167	44,862

Notes:

1. The results of the Group for the years ended 31 March 2010 and 2009 are those set out on page 35 of this annual report.