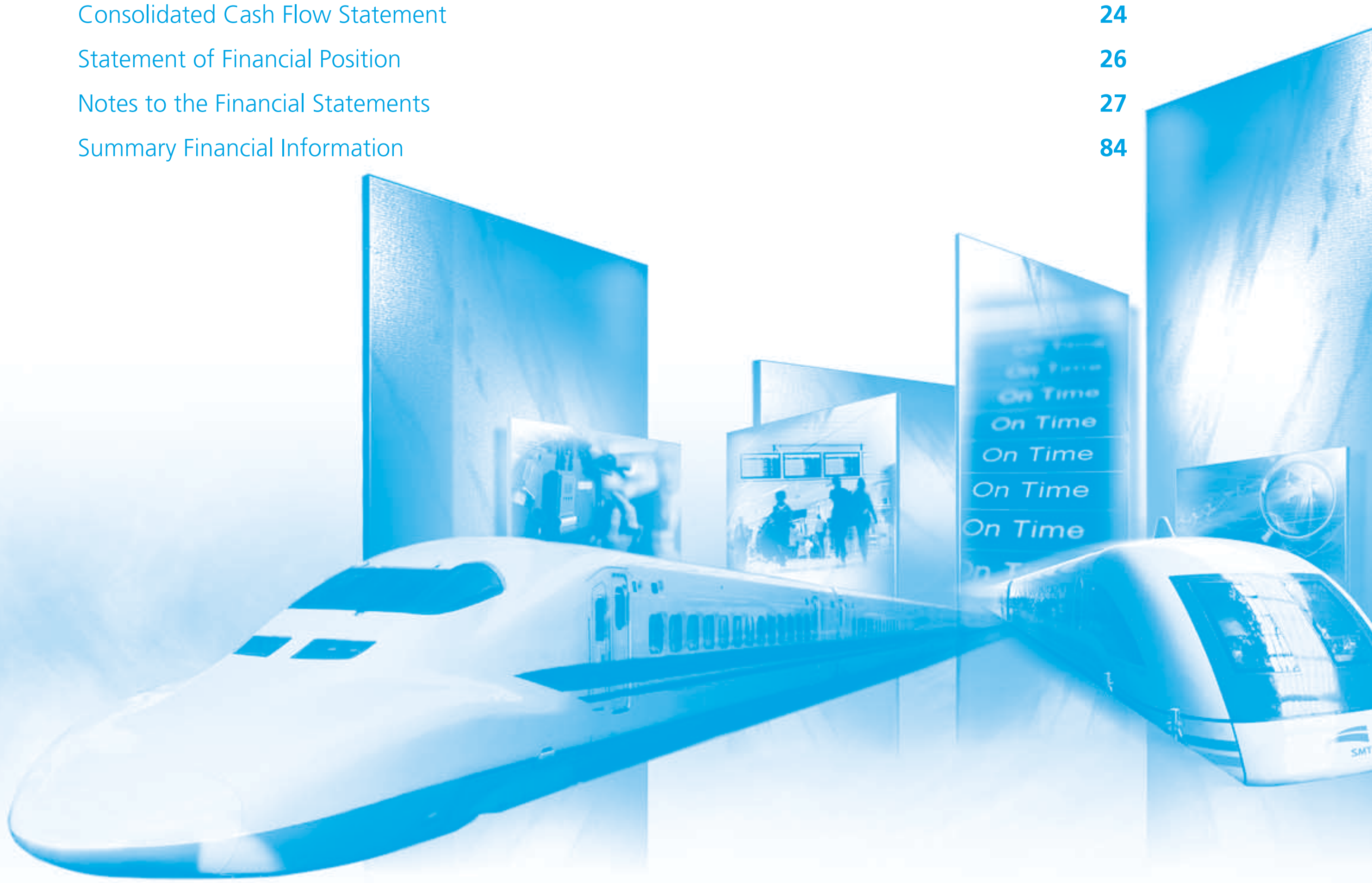
CHINA Railsmedia CORPORATION LIMITED

Annual Report 2010

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 745)

Contents



Corporate Information

DIRECTORS

Executive Directors

Mr. Hui Chi Yung *(Chairman)*
Mr. Hui Kau Mo

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

COMPANY SECRETARY

Mr. Sit Hon Wing

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

13/F, OTB Building
259-265 Des Voeux Road Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

ORDINARY SHARE LISTING

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

Chairman's Statement

Dear Shareholders

On behalf of the Board of Directors (the "Board" or the "Directors") of China Railsmedia Corporation Limited (the "Company"), I present the annual results of the Company and its subsidiaries (collectively refer to the "Group") for the year ended 31 March 2010.

CURRENT YEAR REVIEW

Our core businesses include building construction, renovation and fitting out works in Hong Kong and in the Peoples' Republic of China (the "PRC"), and advertising business in the PRC.

Consistent with our strategy adopted in recent years, we continued to scale down the building construction and renovation business, mainly due to keen competition and the escalated level of cost, which drive down the profit margin. Meanwhile, we will continue to complete our existing projects with adequate quality.

As disclosed in the announcement dated 25 June 2010, we have partially succeeded in our claims in an arbitration proceeding against a previous major customer. However, the amount to be recovered was less than our claimed amount so that a bad debt of approximately HK$40,642,000 has to be recognized in the current year. Although the result of the arbitration was not totally in favour of us, we regard that a major uncertainty facing our Group has been removed so that the confidence of stakeholders can be enhanced in the near future.

At present, the core business of the Group was in a transitional phase from business construction and renovation business to advertising business, after the acquisition of 55% interest in Beijing Railsmedia Advertising Co. Ltd. ("BJRA"). It is a company engaging in media sales and management services for the multi-media business and the operation of media advertising spaces together with the provision of rail transit value-added services through LCD displays located at the ticketing offices of various train stations in the PRC.

For the year ended 31 March 2010, BJRA contributed HK$2,149,000 to our Group's turnover. Although this business is still in its infant stage compared with the conventional media such as television and newspaper, we strongly believed the business will grow in a steadily pace due to the ever increasing consumption power of the PRC population which induce various advertisement opportunities. Also, the number of people exposed to ticket counters in train stations is massive which in turn enhance peoples' perception on the likely positive effect of such new type of media.

Chairman's Statement

PROSPECT

One of the policies adopted by the PRC Government is to boost domestic consumption and hence advertising is inevitable for brand building purpose. We foresee such government policy will continue so that it provides huge opportunities for us to capture the advertising market though our ever-expanding train station networks.

Although we foresee the huge business and revenue potential, we must properly manage potential risk by adopting prudent approach in capital expenditure and operating costs and by properly control the pace of installation of LCD displays in train stations in the PRC. For cost control, we already succeeded in streamlining our internal operation in current year and reduced the operating costs. The pace of installation of LCD is now at a mild speed since we must ensure adequate market potentials of that local area before stepping in to proceed with the actual installation.

We are confident that the above strategy will bring along with fruitful results in future.

APPRECIATION

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

Hui Chi Yung
Chairman

Hong Kong, 9 July 2010

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 March 2010, the Group recorded a turnover of approximately HK$147,684,000, compared with the corresponding turnover of approximately HK$108,038,000 in 2009. We incurred a gross loss of approximately HK$13,298,000 while there was a gross profit of approximately HK$2,710,000 in 2009. The gross loss in the current year was mainly attributable to the substantial additional cost of completing construction projects which in turn related to arbitration results of certain litigations, including counter claims initiated by a previous major customer of our Group.

Our loss attributable to shareholders amounted to approximately HK$87,310,000 (2009: approximately HK$73,827,000). The loss was mainly related to impairment in respect of accounts receivables recognized of approximately HK$40,642,000 and the substantial amounts of legal fee incurred for various litigation of our Group. Besides, the profit margin of our existing projects have been undermined by the rising material costs in general.

Turnover from our building and construction business was approximately HK$52,894,000 (2009: approximately HK$23,278,000). Such turnover was contributed by uncompleted projects in last year. Due to keen competition and the squeezing of contract price both by private and public sector, we plan to scale down this business segment gradually.

The renovation, repairs and maintenance segment reported a turnover of approximately HK$92,641,000 (2009: approximately HK$84,410,000). This was also contributed mainly from uncompleted projects in last year. There were lots of small scale renovation works in Hong Kong, however, many of them are not cost effective for us to bid. Yet, we will continue to explore should there is any profitable renovation works arise.

For advertising segment, turnover amounted to approximately HK$2,149,000 (5 months ended 31 March 2009: approximately HK$350,000). Although this business segment is now running at a loss, we are confident of its future due to the general prosperity of the Peoples' Republic of China (the "PRC") and due to the favourable government policy of encouraging domestic consumption, which in turn will lead to increased advertising expenditure.

FINANCIAL REVIEW

Liquidity and financing

There were no bank borrowings as at 31 March 2010 and 2009. The Group's cash and bank deposits were approximately HK$38.4 million (2009: HK$24.4 million).

The Group's gearing ratio, calculated by aggregate of amount due to a related party, loans from shareholders and other non-current liabilities over total assets, increase to 34.27% at 31 March 2010 from 25.07% at 31 March 2009.

Treasury policies

Cash and bank deposits of the Group are mainly in Hong Kong dollars or Renminbi. The Group conducts its core business transaction mainly in Hong Kong dollars and Renminbi such that the Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure is insignificant.

Pledge of assets

As at 31 March 2010 and 2009, no asset was being pledged since there is no external financing for the Group.

Employment information

On 31 March 2010, the Group had 61 (2009: 117) full time employees, whom are employed in Hong Kong and Mainland China. The employees and the directors are remunerated at market level with benefits such as medical, retirement benefit and share option scheme.

Report of the Directors

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

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2010 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 20 to 83.

The directors do not recommend the payment of a dividend (2009: Nil).

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years is set out on page 84 of the annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR LISTED SECURITIES

During the year ended 31 March 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 35 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, calculated in accordance with the provisions of the Companies Law (2004 Revision) of the Cayman Islands, amounted to approximately HK$7,131,000 (2009: approximately HK$220,373,000). The distributable reserves include the Company's share premium and capital reserve, in a total of approximately HK$220,686,000 as at 31 March 2010 (2009: approximately HK$219,394,000), which may be distributed, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's 5 largest customers accounted for 89.72% (2009: 81.56%) of the total sales for the year and sales to the largest customer included therein amounted to 72.62% (2009: 74.55%). The aggregate purchases during the year attributable to the Group's 5 largest suppliers accounted for 64.03% (2009: 56.69%) of the Group's total purchases for the year and purchase from the largest supplier included therein amounted to 42.27% (2009: 37.32%).

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

DIRECTORS

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

Executive directors:

Mr. Hui Chi Yung *(Chairman)*
Mr. Hui Kau Mo
Mr. Yiu Kai Yeuk, Raphael (resigned on 23 April 2010)

Independent non-executive directors:

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

In accordance with articles 86(3), 87(1) and (2) of the Company's articles of association and the provisions of the Listing Rules, Mr. Hui Chi Yung will retire by rotation and being eligible, will offer themselves for re-election at the forthcoming Annual General Meeting. The independent non-executive directors are appointed for a period one year commencing from 1 September 2009.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 16 to 17 of the annual report.

DIRECTORS' SERVICE CONTRACTS

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

The independent non-executive Directors have been appointed for a term of 1 year commencing from 1 September 2009. The Company intends to pay a director's fee of HK$20,000 per annum to each of the independent non-executive Directors. Save for the director's fee, none of the independent non-executive Director is expected to receive any other remuneration for holding their office as an independent non-executive Director.

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 40 to the financial statements, no director had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

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

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

At 31 March 2010, the interests and short positions of the directors in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

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

Name of Director	**Company/name of associated corporation**	**Capacity**	**Name and class of securities/approximate shareholding percentage** *(Note 1)*
Mr. Hui Chi Yung	Company	Settlor/Founder of The Wing Hong Trust *(Note 2)*	743,918,560 Shares/ 47.88% (L)
	Rich Place Investment Limited	Settlor/Founder of The Wing Hong Trust *(Note 3)*	1 ordinary share/ 100% (L)
	Wise Win Enterprises Limited	Settlor/Founder of The Wing Hong Trust *(Note 4)*	1 ordinary share/ 100% (L)
Mr. Yiu Kai Yeuk Raphael	Company	Corporate interest *(Note 5)*	65,053,440 Shares/ 4.19% (L)
	Beatrice Construction Limited	Beneficial owner	96,000 ordinary shares/ 10% (L)
Mr. Hui Kau Mo	Company	Settlor/Founder of The Wing Hong Trust *(Note 2)*	743,918,560 Shares/ 47.88% (L)
	Rich Place Investment Limited	Settlor/Founder of The Wing Hong Trust (Note 3)	1 ordinary share/ 100% (L)
	Wise Win Enterprises Limited	Settlor/Founder of The Wing Hong Trust *(Note 4)*	1 ordinary share/ 100% (L)

Notes:

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

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

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

4. The share is held by Rich Place.

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share option scheme of the Company, at no time during the year were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

Particulars of the share option scheme of the Company are disclosed in note 34 to the financial statements. Since adoption of the share option scheme, no share option has been granted.

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

At 31 March 2010, the interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests in the shares and underlying shares of the Company, as required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

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

Name	**Capacity**	**Class and number of securities/approximate shareholding percentage** *(Note 1)*
The Wing Hong Trust	Beneficial owner *(Note 2)*	743,918,560 Shares/47.88% (L)
Chin Ivan	Beneficial owner	104,920,000 Shares/6.75% (L)

Notes:

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

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

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

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

For year ended 31 March 2010, the total amount received from Shanghai Jinjiang and its associates was approximately HK$3,879,000 (2009: approximately HK$2,838,000).

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

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

Save as disclosed above, there is no transaction which falls into the disclosure and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

PUBLIC FLOAT

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

ANNUAL CONFIRMATION OF INDEPENDENCE

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

AUDITORS

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

On Behalf of the Board

Hui Chi Yung
Chairman

Hong Kong, 9 July 2010

Corporate Governance Report

The Company puts strong emphasis on the superiority, steadiness and rationality of corporate governance. The Company has complied with all the code provisions in the Code of Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 March 2010 (the "Year") except for the following deviations:

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

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

THE BOARD OF DIRECTORS

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

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

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

The composition of the Board ensures a balance of skills and experience appropriate to the requirements of the business of the Company and to the exercising of independent judgement. The Board currently comprises five directors, including two executive directors and three independent non-executive directors. The names and biographical details of each director are disclosed on pages 16 to 17 of this Annual Report. Mr. Hui Kau Mo is the father of Mr. Hui Chi Yung. They are both interest in 743,918,560 shares as disclosed on page 10 of this annual report. Except as disclosed, there is no other relationship (including financial, business, family or other material relationship) among the members of the Board.

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

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

Each of the independent non-executive directors is appointed for a term of one year expiring on 1 September 2010 and they are also subject to retirement by rotation in accordance with the Company's Articles of Association. Regular Board meetings are held for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

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

Name of directors	Attendance
Mr. Hui Chi Yung *(Chairman)*	5/5
Mr. Hui Kau Mo	3/5
Mr. Yiu Kai Yeuk, Raphael (resigned on 23 April 2010)	4/4
Dr. Hu Chung Kuen, David	4/5
Mr. Liu Kwong Sang	4/5
Mr. Sit Hing Wah	1/5

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

BOARD COMMITTEES

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

Remuneration Committee

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

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

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

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

Audit Committee

The Audit Committee comprised three independent non-executive directors. Mr. Liu Kwong Sang is the Chairman of the Audit Committee. The primary duties of the Audit Committee are: to independent review and supervise the financial reporting process and internal control systems, to ensure good communications among Directors and the Company's auditors, to recommend the appointment of external auditors on an annual basis and approval of the audit fees, to assist the Board in oversight of the independence, qualifications, performance and compensation of the independent accountant, to review interim and annual results announcements as well as the financial statements prior to their approval by the Board, to provide advice on audit report, accounting policies and comments to all Directors.

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

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

During the year, the audit committee had reviewed and considered, inter alia, the annual results for the year ended 31 March 2010 and the interim results for the six months ended 30 September 2009.

OTHER INFORMATION

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDITORS' REMUNERATION

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

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" on pages 18 to 19.

DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

The financial statements of the Group for the year ended 31 March 2010 have been prepared on a going concern basis, the validity of which is dependent upon the outcome of the arbitration and the recoverability of the other receivable as stated in Note 25 to the financial statements and the successful outcome of the Group's measures to satisfy its working capital needs and improve the liquidity position. For additional details of these fundamental uncertainties relating to the going concern, please refer to Independent Auditors' Report on pages 18 to 19 and Note 3 to financial statements.

INTERNAL CONTROL

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

Specifically, our Group was involved in litigations. To minimise the impact from litigations or to prevent litigations from being happened, the Group has adopted measures including:

(i) Conduct thorough reviews on subcontractor qualification by our project management team prior to engage them and after engaged, to closely their actual performance and to conduct regular site visit so as to monitor the quality of their works in order to reduce misunderstanding.

(ii) Engage lawyer at an early stage when major disputes arose in order to assess whether we should come to settlement without going to litigation and in order to assess whether there are legally valid grounds on claiming our customers or being claimed by sub-contractors.

DIRECTORS

Executive Directors

Mr. Hui Chi Yung, aged 46, is an executive Director of the Group. Mr. Hui joined the Group in July 1993. He is responsible for formulating and implementation of the business strategy of the Group's operations and finding business opportunities. Prior to joining the Group, Mr. Hui engaged in the engineering field and was responsible for managing the construction of a condominium and a 3-storey apartment site situated in Canada. Mr. Hui holds a bachelor degree of Applied Science in Electrical Engineering obtained from the University of British Columbia, Canada in 1993. Mr. Hui is a son of Mr. Hui Kau Mo.

Mr. Hui Kau Mo, aged 77, is an executive Director. Mr. Hui joined the Group in March 1992 and left the management team in December 1995 and rejoined the Group in August 2003. Mr. Hui is the father of Mr. Hui Chi Yung. He is responsible for sales, marketing and business development of the Group, especially in the PRC. Mr. Hui also serves as a non-executive director of abc Multiactive Limited, a software company listed on the Growth Enterprise Market of the Stock Exchange.

Independent Non-Executive Directors

Dr. Hu Chung Kuen, David, aged 56, is an independent non-executive Director of the Group. He was appointed as an independent non-executive Director in September 2002. Dr. Hu graduated with honours from the University of Minnesota, U.S. with Bachelor degree in Science in 1975 and obtained the M.D. degree from the School of Medicine, Washington University, U.S. in 1979. He completed his Internal Medicine residency at Vancouver General Hospital, Canada in 1982 and Cardiology Fellowship at Mayo Graduate School of Medicine, U.S. in 1985. Since then, Dr. Hu has been practiced as a Clinical Assistant Professor at the University of British Columbia and has completed a clinical fellowship in International Cardiology at Beth Israel Deaconess Medical Center, Harvard Medical School, U.S., Dr. Hu returned to Hong Kong and commenced private practice. Dr. Hu not only has fellowships of Hong Kong College of Physicians, Hong Kong Academy of Medicine, the Royal College of Physicians of Canada and American College of Cardiology but in addition he has Memberships in the Royal College of Surgeons of England, the Hong Kong College of Cardiology, and Canadian Cardiovascular Society.

Mr. Liu Kwong Sang, aged 48, has been practising as a certified public accountant in Hong Kong with more than 21 years of experience in accounting profession. Mr. Liu graduated from the Hong Kong Polytechnic University with a bachelor degree in Accountancy (with honours) and obtained the Master degree in Business Administration from the University of Linclon, the United Kingdom. He is an associate member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Institute of Financial Accountants, the United Kingdom and a fellow member of the National Institute of Accountants, Australia. Mr. Liu is also a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong, a fellow member of the Society of Registered Financial Planners. Mr. Liu acts as independent non-executive directors of Polytec Asset Holdings Limited and of Ruyan Group (Holdings) Limited, securities of both are listed on the main board of the Stock Exchange, and of abc Multiactive Ltd whose securities are listed on the GEM board of the Stock Exchange, and of Pacific CMA, Inc. whose securities were previously listed on the American Stock Exchange. He was also an independent non-executive director of Tack Fat Group International Limited, whose securities are listed on the main board of the Stock Exchange. Mr. Liu was appointed as an independent non-executive Director of our Company since September 2004.

Mr. Sit Hing Wah, aged 87, is an independent non-executive Director. He was appointed as an independent non-executive Director in September 2002. Mr. Sit founded The Federation of Hong Kong Travellers Ltd. in the 70s with other professionals in the tourism industry and is currently its Honorary Chairman. Furthermore, Mr. Sit has also set up the Hong Kong Health Care Association On Aging in 2001 and is now its chairman.

SENIOR MANAGEMENT

Mr. Lee Wing Hon, aged 52, is the electrical and mechanical manager of Wing Hong Contractors Limited, a subsidiary of the Group since September 1996. He has over 21 years of experience in the building services field of the construction industry. He is responsible for the overall site and contractual matters with respect to the electrical & mechanical aspects of each project, ensuring the specified requirements on the building services performance are met and making certain that projects are complete within the predetermined period in an efficient and profitable manner. Mr. Lee served as a project manager for ATAL Engineering Limited since 1981. Prior to joining the Group from year 1991 to 1994, Mr. Lee was the application engineer of Northern Industrial in Canada. Mr. Lee is a Professional Engineer registered in Canada and a Chartered Engineer of the United Kingdom.

Mr. Sit Hon Wing, aged 33, is the Financial Controller and Company Secretary of the Group since June 2010. Mr. Sit is responsible for overseeing the accounting and financial management and company secretarial functions of the Group. Mr. Sit is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Prior to joining the Company, Mr. Sit has served certain listed companies in Hong Kong and possessed near 11 years of accounting and auditing experience.

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

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
CHINA RAILSMEDIA CORPORATION LIMITED
(incorporated in the Cayman Islands with limited liability)

We were engaged to audit the consolidated financial statements of China Railsmedia Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as set out on pages 20 to 83, which comprise the consolidated statement of financial position and the Company statement of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

BASIS FOR DISCLAIMER OF OPINION

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

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

As a result of the uncertainty of the timing and the outcome of the Case, we are unable to ascertain as to how much and when the Receivable would be recoverable or whether the full amount might be recoverable. There were no other practical satisfactory audit procedures that we could adopt to assess the carrying value of the Receivable. Any adjustments to the carrying value of the Receivable that might have been necessary should evidence become available to us may have a consequential significant effect on the net assets of the Company and the Group as at 31 March 2010 and the loss of the Group for the year then ended.

Significant uncertainties relating to the going concern basis of the Group

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

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

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

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we do not express an opinion on the financial statement as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 or of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 9 July 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Turnover	8	**147,684**	108,038
Cost of sales		**(160,982)**	(105,328)
Gross (loss)/profit		**(13,298)**	2,710
Other revenue	8	**2,381**	809
Other income	9	**34**	463
Impairment loss in respect of goodwill	18	**(4,000)**	(22,823)
Impairment loss in respect of accounts receivable	24	**(40,642)**	–
Administrative expenses		**(34,369)**	(53,766)
Other operating expenses		**–**	(64)
Share of profits of a jointly-controlled entity		**460**	–
Loss from operating activities	9	**(89,434)**	(72,671)
Finance costs	10	**(1,997)**	(3,641)
Loss before taxation		**(91,431)**	(76,312)
Taxation	13	**(255)**	22
Loss for the year		**(91,686)**	(76,290)
Other comprehensive expenses			
Exchange differences on translating foreign operations		**(2,433)**	1,653
Net gain/(loss) arising on revaluation of available-for-sale financial assets during the year		**436**	(942)
Released upon disposals of available-for-sale financial assets		**837**	200
Total comprehensive expenses for the year, net of tax		**(92,846)**	(75,379)
Loss attributable to:			
– Owners of the Company		**(87,310)**	(73,827)
– Minority interests		**(4,376)**	(2,463)
		(91,686)	(76,290)
Total comprehensive expenses attributable to:			
– Owners of the Company		**(88,470)**	(72,916)
– Minority interests		**(4,376)**	(2,463)
		(92,846)	(75,379)
Loss per share			
– Basic and diluted	16	**(HK5.65 cents)**	(HK4.86 cents)

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

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
ASSETS			
Non-current assets			
Property, plant and equipment	17	**9,831**	12,569
Goodwill	18	**32,810**	36,810
Available-for-sale financial assets	20	**–**	1,199
Interest in an associate	22	**–**	–
Interest in a jointly-controlled entity	21	**300**	–
		42,941	50,578
Current assets			
Amount due from customers for contract work	23	**26,788**	36,791
Accounts receivable	24	**26,489**	131,765
Prepayments, deposits and other receivables	25	**36,272**	37,472
Amount due from an associate	26	**–**	2
Amount due from a jointly-controlled entity	21	**160**	–
Cash and cash equivalents	27	**38,378**	24,394
		128,087	230,424
Total assets		**171,028**	281,002
EQUITY			
Capital and reserves			
Share capital	32	**15,538**	15,338
Reserves	35	**(18,810)**	68,451
Equity attributable to owners of the Company		**(3,272)**	83,789
Minority interests		**29,740**	34,116
Total equity		**26,468**	117,905

Consolidated Statement of Financial Position

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
LIABILITIES			
Non-current liabilities			
Loan from shareholders	30	**47,205**	–
Convertible notes	33	**–**	1,358
Deferred taxation	31	**–**	31
		47,205	1,389
Current liabilities			
Loan from shareholders	30	**4,161**	51,763
Accounts payable	28	**42,968**	52,946
Amount due to customers for contract work	23	**25,208**	24,930
Other payables and accruals	29	**24,816**	31,937
Tax payable		**202**	132
		97,355	161,708
Total liabilities		**144,560**	163,097
Total equity and liabilities		**171,028**	281,002
Net current assets		**30,732**	68,716
Total assets less current liabilities		**73,673**	119,294

Approved by the Board of Directors on 9 July 2010 and signed on its behalf by:

Hui Chi Yung
Director

Hui Kau Mo
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	Attributable to owners of the Company								
	Issued share capital HK$'000	**Share premium account** HK$'000	**Capital reserve** HK$'000 (Note (a))	**Available-for-sale financial assets fair value reserve** HK$'000	**Convertible notes reserve** HK$'000	**Exchange translation reserve** HK$'000	**Retained profits/ (Accumulated losses)** HK$'000	**Minority interests** HK$'000	**Total** HK$'000
At 1 April 2008	14,408	49,703	9,800	(531)	83	1,841	18,428	2,646	96,378
Loss for the year	–	–	–	–	–	–	(73,827)	(2,463)	(76,290)
Other comprehensive expenses for the year	–	–	–	(742)	–	1,653	–	–	911
Total comprehensive expenses for the year	–	–	–	(742)	–	1,653	(73,827)	(2,463)	(75,379)
Arising upon acquisition of a subsidiary	–	–	–	–	–	–	–	33,933	33,933
Issue of shares	930	67,890	–	–	–	–	–	–	68,820
Issuing expenses	–	(5,847)	–	–	–	–	–	–	(5,847)
At 31 March 2009 and at 1 April 2009	15,338	111,746	9,800	(1,273)	83	3,494	(55,399)	34,116	117,905
Loss for the year	–	–	–	–	–	–	(87,310)	(4,376)	(91,686)
Other comprehensive expenses for the year	–	–	–	1,273	–	(2,433)	–	–	(1,160)
Total comprehensive expenses for the year	–	–	–	1,273	–	(2,433)	(87,310)	(4,376)	(92,846)
Conversion of convertible notes	200	1,292	–	–	(90)	–	–	–	1,402
Deferred tax released upon conversion of convertible notes	–	–	–	–	7	–	–	–	7
At 31 March 2010	**15,538**	**113,038**	**9,800**	**-**	**-**	**1,061**	**(142,709)**	**29,740**	**26,468**
Reserves retained by:									
Company and subsidiaries	15,538	113,038	9,800	–	–	1,061	(142,875)	29,740	26,302
Jointly-controlled entity	–	–	–	–	–	–	460	–	460
Associate	–	–	–	–	–	–	(294)	–	(294)
At 31 March 2010	**15,538**	**113,038**	**9,800**	**-**	**-**	**1,061**	**(142,709)**	**29,740**	**26,468**
Company and subsidiaries	15,338	111,746	9,800	(1,273)	83	3,494	(55,105)	34,116	118,199
Jointly-controlled entity	–	–	–	–	–	–	–	–	–
Associate	–	–	–	–	–	–	(294)	–	(294)
At 31 March 2009	15,338	111,746	9,800	(1,273)	83	3,494	(55,399)	34,116	117,905

Note:

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

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

Consolidated Cash Flow Statement

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
Cash flows from operating activities		
Loss before taxation	**(91,431)**	(76,312)
Adjustments for:		
Finance costs	**1,997**	3,641
Interest income	**(2,031)**	(445)
Depreciation	**423**	156
Exchange difference	**(2,391)**	1,583
Loss/(gain) on disposal of property, plant and equipment	**292**	(414)
Transfer from equity on disposal of available-for-sale assets	**851**	213
Share of results of a jointly-controlled entity	**(460)**	–
Dividend income on available-for-sale financial assets	**(23)**	(35)
Impairment loss recognised in respect of goodwill	**4,000**	22,823
Impairment loss recognised in respect of other receivables	**675**	–
Impairment loss recognised in respect of accounts receivable	**40,642**	–
Operating loss before working capital changes	**(47,456)**	(48,790)
Decrease in accounts receivable	**65,054**	228
Decrease in amount due from customers for contract work	**13,470**	3,761
Decrease in prepayments, deposits and other receivables	**3,038**	14,256
Decrease/(increase) in amount due from an associate	**2**	(2)
Decrease in accounts payable	**(9,374)**	(1,901)
Decrease in other payables and accruals	**(6,627)**	(31,287)
Increase in amount due to customers for contract work	**618**	2,585
Cash generated from/(utilised in) operations	**18,725**	(61,150)
Interest received	**83**	445
Interest paid	**(1)**	–
Hong Kong Profits tax paid	**(300)**	–
Net cash inflow/(outflow) from operating activities	**18,507**	(60,705)

Consolidated Cash Flow Statement

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,270)**	(2,186)
Purchase of available-for-sale financial assets	**–**	(93)
Proceeds from disposal of available-for-sale financial assets	**422**	94
Proceeds from disposal of property, plant and equipment	**202**	593
Dividend received	**23**	35
Acquisition of a subsidiary	**–**	(3,497)
Net cash outflow from investing activities	**(623)**	(5,054)
Cash flows from financing activities		
Proceeds from issue of shares	**–**	68,820
Share issue expenses	**–**	(5,847)
Loan from shareholders	**7,100**	11,618
Repayment of loan from shareholders	**(11,000)**	–
Net cash (outflow)/inflow from financing activities	**(3,900)**	74,591
Increase in cash and cash equivalents	**13,984**	8,832
Cash and cash equivalents at the beginning of the year	**24,394**	15,562
Cash and cash equivalents at the end of the year	**38,378**	24,394
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**38,378**	24,394

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
ASSETS			
Non-current assets			
Interests in subsidiaries	19	**90,811**	339,777
Available-for-sale financial assets	20	**–**	200
		90,811	339,977
Current assets			
Prepayments, deposits and other receivables	25	**182**	21
Amount due from an associate	26	**–**	2
Cash and bank equivalents		**20,999**	4,754
		21,181	4,777
Total assets		**111,992**	344,754
EQUITY			
Capital and reserves			
Share capital	32	**15,538**	15,338
Reserves	35	**7,131**	220,447
Total equity		**22,669**	235,785
LIABILITIES			
Non-current liabilities			
Loan from a shareholder	30	**42,705**	–
Convertible notes	33	**–**	1,358
Deferred taxation	31	**–**	14
		42,705	1,372
Current liabilities			
Other payables and accruals	29	**9,919**	17,983
Loan from shareholders	30	**4,161**	51,763
Amounts due to subsidiaries		**32,538**	37,851
		46,618	107,597
Total liabilities		**89,323**	108,969
Total equity and liabilities		**111,992**	344,754
Net current liabilities		**(25,437)**	(102,820)
Total assets less current liabilities		**65,374**	237,157

Approved by the Board of Directors on 9 July 2010 and signed on its behalf by:

Hui Chi Yung
Director

Hui Kau Mo
Director

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

Notes to the Financial Statements

For the year ended 31 March 2010

1. CORPORATE INFORMATION

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

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

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

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

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2009. A summary of the effect on initial adoption of these new and revised HKFRSs is set out below.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	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 amendments 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 amendments to paragraph 80 to HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the financial statements of the Group for the current or prior accounting periods.

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

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) 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 8 Operating Segments

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 purpose of allocating resources to segments and assessing their performance. The application of the HKFRS 8 has not resulted in a redesignation of the Group's reportable segments (see Note 7). In addition, there are no changes in the basis of measurement of segment revenue, segment profit or loss, segment assets and segment liabilities.

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosure)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not presented comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

Standards and Interpretations in issue but not yet effective

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendments)	Classification of Rights Issues[5]
HKAS 39 (Amendments)	Eligible Hedged Items[1]
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures of First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirements[7]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

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

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

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

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.

In addition, as part of *Improvements to HKFRSs* issued in (2009), HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid land lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification of the Group's leasehold land.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Basis of preparation

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

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group. The Group incurred a net loss of approximately HK$91,686,000 for the year ended 31 March 2010 and accumulated losses of approximately HK$142,709,000 as at 31 March 2010. Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent upon the outcome of the arbitration and recoverability of the other receivables as stated below in Note 25 to the financial statements and the successful outcome of the Group's measures to satisfy its working capital needs and improve the liquidity position. The financial statements do not include any adjustments that would result from the Group failing to recover the other receivables and or the failure in the measures undertaken by the Group in satisfying the working capital needs and improving the liquidity position. If the other receivables were not to be recovered or there was a failure as to the successful outcome of aforementioned measures, adjustments would have to be made to the financial statements to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

The measures undertaken by the Group include entering into an agreement with the major shareholder, Rich Place Investment Limited, who has confirmed that it will not demand repayment of the amount due of approximately HK$42,705,000 within the next twelve months from the end of the reporting period. In addition, Rich Place Investment Limited, has also agreed to provide continuing financial support to the Group. As such, the directors are confident that the Group's future operations will be successful and able to generate sufficient cash flows in order to meet its obligations as they fall due over the next twelve months. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Basis of consolidation

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

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.

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.

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

Basis of consolidation *(Continued)*

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

Subsidiaries

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

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

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

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

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

Joint venture companies

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

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

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

Joint venture companies *(Continued)*

A joint venture company is treated as:

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

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

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

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

Jointly controlled entity

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

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

Associated companies

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

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize 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.

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

Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

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

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

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

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

Goodwill

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

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated statement of financial position.

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

Goodwill *(Continued)*

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

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

Property, plant and equipment

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

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

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

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

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

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

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

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

Construction contracts

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

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

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

The stage of completion of a contract is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or by surveys of work performed.

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

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

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

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of each reporting period.

Cash and cash equivalents

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

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

Provisions

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

Taxation

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

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

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

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

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

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

Employee benefits

(i) Employment Ordinance long service payments

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

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

Employee benefits *(Continued)*

(ii) Retirement benefits schemes

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

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

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

Revenue recognition

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

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

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

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

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

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

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

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

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

Dividends

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

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

Financial instruments

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

(i) Financial assets

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

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

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

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

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

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

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

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

Financial instruments *(Continued)*

(iii) Loans and receivables

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

(iv) Held-to-maturity investments

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

(v) Available-for-sale financial assets

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

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

Financial instruments *(Continued)*

(vi) Financial liabilities and equity

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

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

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

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

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

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

(viii) Other financial liabilities

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

(ix) Financial guarantee contracts

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

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

Financial instruments *(Continued)*

(x) Derecognition

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

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

Convertible loan notes

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

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

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

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

Equity instruments

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

Leases

Operating leases

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

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

Contingent assets and liabilities

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

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

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

Related party

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

4. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	The Group	
	2010	2009
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**101,299**	193,633
Available-for-sale financial assets	**–**	1,199
Financial liabilities		
Amortised cost	**119,150**	138,004

(b) Financial risk management objectives and policies

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

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

4. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Market risk

(i) Foreign currency risk management

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:–

	Liabilities		**Assets**	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
RMB	**5,791**	7,413	**30,348**	39,229
CAD	**6,150**	6,067	**–**	4,307

Sensitivity analysis on foreign exchange risk management

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

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

	2010 HK$'000	2009 HK$'000
Impact of RMB		
Profit or loss (Note i)	**(1,228)**	(1,591)
Impact of CAD		
Profit or loss (Note ii)	**308**	88

Notes:

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

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

Notes to the Financial Statements

For the year ended 31 March 2010

4. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Market risk *(Continued)*

(ii) Interest rate risk management

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except amount due to a related party and for loan from shareholders, details of which have been disclosed in Notes 29 and 30 respectively. Management considers that cash flow and fair value interest rate risks of the Group are insignificant and therefore no sensitivity analysis is presented thereon.

(iii) Other price risks

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

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

Sensitivity analysis on price risks management

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

If equity prices had been 5% higher/lower, other equity reserves would increase/decrease by approximately HK$Nil (2009: increase/decrease by approximately HK$60,000) as a result of the changes in fair value of available-for-sale financial assets.

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

Credit risk

As at 31 March 2010 and 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge their obligations by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

4. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Credit risk *(Continued)*

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

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

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

Liquidity risk

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

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

At 31 March 2010

	Weighted average effective interest rate %	Within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Accounts payable	–	42,968	–	–	42,968	42,968
Loan from shareholders	2.15	4,161	47,205	–	51,366	51,366
Other payables and accruals	3.50	24,816	–	–	24,816	24,816
		71,945	47,205	–	119,150	119,150

4. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Liquidity risk *(Continued)*

At 31 March 2009

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

Fair value estimation

The fair value 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 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).

(iii) 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.

The Group's financial instruments that are measured subsequent to initial recognition at fair value are 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 quote 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).

No analysis is disclosed since the Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of each reporting period.

5. CAPITAL RISK MANAGEMENT

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

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

Gearing ratio

The gearing ratios at 31 March 2010 and 31 March 2009 were as follows:

	2010 **HK$'000**	2009 HK$'000
Debt (note (a))	**58,613**	70,453
Asset (note (b))	**171,028**	281,002
Gearing ratio	**34.27%**	25.07%

Notes:

(a) Debt comprises amount due to a related party, loan from shareholders and deferred tax liabilities and convertible notes as detailed in Notes 29, 30, 31 and 33 respectively.

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

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

(a) Income taxes

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

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

(b) Impairment of property, plant and equipment

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

(c) Fair value estimation

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

For non-derivative financial instruments, such as available-for-sale financial assets, assumptions are made based on quoted market prices adjusted for specific features of the instrument. The carrying amounts of these non-derivatives financial assets are HK$Nil (2009: HK$1,199,000).

(d) Impairment of accounts receivable

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

(e) Estimated impairment for goodwill

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

As at 31 March 2010, the carrying amount of goodwill was approximately HK$32,810,000 (2009: HK$36,810,000). Details of the impairment loss calculation are disclosed in Note 18.

7. SEGMENT INFORMATION

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 purpose 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 format was business segments by location of assets. 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.

In prior years, segment information reported externally was analysed on the basis of the operation and services the Group provides. For the purposes of resources allocation and performance assessment, information reported to the chief operating decision maker of the Company, specifically focuses on the performance of building construction, renovation, repairs and maintenance and advertising services. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

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

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

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

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

7. SEGMENT INFORMATION *(Continued)*

Business Segments

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

The Group

	Building construction		Renovation, repairs and maintenance		Advertising		Corporate and others		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:										
Contract revenue from external customers	**52,894**	23,278	**92,641**	84,410	**2,149**	350	**–**	–	**147,684**	108,038
Other revenue and other income	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total	**52,894**	23,278	**92,641**	84,410	**2,149**	350	**–**	–	**147,684**	108,038
Segment results	**(64,973)**	432	**3,219**	4,564	**(10,271)**	(28,780)	**(19,824)**	(50,159)	**(91,849)**	(73,943)
Interest and unallocated gains									**2,415**	1,272
Loss from operating activities									**(89,434)**	(72,671)
Finance costs									**(1,997)**	(3,641)
Loss before taxation									**(91,431)**	(76,312)
Taxation									**(255)**	22
Loss for the year									**(91,686)**	(76,290)

7. SEGMENT INFORMATION *(Continued)*

Business Segments *(Continued)*

There were no inter-segment sales during the year (2009: Nil). Segment profit represents the profit earned without allocation of central administration costs including directors' salaries, investment and other income, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes resource allocation and assessment of segment of segment performance.

	Building construction		Renovation, repairs and maintenance		Advertising		Corporate and others		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Assets and liabilities:										
Segment assets	**68,415**	154,937	**19,819**	33,069	**51,167**	59,062	**12,172**	12,274	**151,573**	259,342
Unallocated assets									**19,455**	21,660
Total assets									**171,028**	281,002
Segment liabilities	**67,658**	54,087	**13,332**	29,024	**3,459**	4,245	**1,638**	5,155	**86,087**	92,511
Unallocated liabilities									**58,473**	70,586
Total liabilities									**144,560**	163,097
Other segment information:										
Depreciation	**1**	1	**33**	47	**3,504**	1,280	**50**	49	**3,588**	1,377
Capital expenditure	**-**	–	**-**	–	**965**	2,180	**305**	6	**1,270**	2,186
Impairment loss on accounts receivable	**40,642**	–	**-**	–	**-**	–	**-**	–	**40,642**	–
Impairment loss on other receivables	**675**	–	**-**	–	**-**	–	**-**	–	**675**	–
Impairment loss on goodwill	**-**	–	**-**	–	**4,000**	22,823	**-**	–	**4,000**	22,823

Geographical Segments

	Hong Kong		The People's Republic of China ("PRC")		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**118,810**	86,262	**28,874**	21,776	**147,684**	108,038
Non-current assets*	**33,461**	36,945	**9,480**	12,434	**42,941**	49,379

* Non-current assets excluding financial instruments.

7. SEGMENT INFORMATION *(Continued)*

Revenue from its major services

The Group's revenue from its major services was as follows:

	2010 **HK$'000**	2009 HK$'000
Building construction	**52,894**	23,278
Renovation, repairs and maintenance	**92,641**	84,410
Advertising	**2,149**	350
	147,684	108,038

Information about major customer

Includes in revenues arising renovation, repairs and maintenance of approximately HK$92,641,000 (2009: HK$84,410,000) are revenues of approximately HK$55,410,000 which arose from sales to the Group's largest customer.

8. TURNOVER AND OTHER REVENUE

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

An analysis of turnover and other revenue is as follows:

	2010 **HK$'000**	2009 HK$'000
Turnover:		
Contract revenue	**145,535**	107,688
Advertising income	**2,149**	350
	147,684	108,038
Other revenue:		
Bank interest income	**83**	319
Other interest income	**1,948**	126
Rental income	**15**	–
Sundry income	**335**	364
	2,381	809

9. LOSS FROM OPERATING ACTIVITIES

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

	2010 HK$'000	2009 HK$'000
Auditors' remuneration	**580**	580
Depreciation	**3,588**	1,377
Amounts classified as costs	**(3,165)**	(1,221)
	423	156
Impairment loss recognised in respect of accounts receivable	**40,642**	–
Impairment loss recognised in respect of other receivables	**675**	–
Impairment loss recognised in respect of goodwill	**4,000**	22,823
Staff costs (excluding directors' remuneration)		
– wages and salaries	**16,211**	17,585
– pension scheme contributions*	**481**	414
	16,692	17,999
Less: Amounts of staff costs classified as costs	**(8,961)**	(10,630)
	7,731	7,369
Minimum lease payments under operating leases:		
– Land and buildings	**2,116**	1,540
Legal and professional fees	**13,353**	32,986
Loss on disposal of property, plant and equipment	**292**	–
Transfer from equity on disposal of available-for-sale financial assets	**851**	213
and after crediting:		
Other income:		
Dividend income	**23**	35
Bad debts recovered	**11**	–
Gain on disposal of property, plant and equipment	**–**	414
Gain on disposal of subsidiaries	**–**	14
	34	463

* As at 31 March 2010, the Group had no material forfeited contributions available to offset future pension scheme contributions to the scheme (2009: Nil).

10. FINANCE COSTS

	The Group 2010 HK$'000	The Group 2009 HK$'000
Bank interest	**1**	2
Interest on shareholders' loans	**1,952**	2,395
Interest on amount due to a related party	**–**	1,118
Imputed interest on convertible notes	**44**	126
	1,997	3,641

11. DIRECTORS' REMUNERATION

The remuneration of every director for the year ended 31 March 2010 and 2009, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Fees		Salaries and other benefits		Performance related incentive payments		Retirement benefits scheme contributions		Total	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Executive Directors										
Mr. Hui Chi Yung	**–**	–	**895**	895	**–**	–	**7**	12	**902**	907
Mr. Hui Kau Mo	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Mr. Yiu Kai Yeuk, Raphael (resigned on 23 April 2010)	**–**	–	**1,817**	1,817	**–**	–	**1**	12	**1,818**	1,829
	–	–	**2,712**	2,712	**–**	–	**8**	24	**2,720**	2,736
Independent Non-Executive Directors										
Dr. Hu Chung Kuen, David	**20**	20	**–**	–	**–**	–	**–**	–	**20**	20
Mr. Liu Kwong Sang	**20**	20	**–**	–	**–**	–	**–**	–	**20**	20
Mr. Sit Hing Wah	**20**	20	**–**	–	**–**	–	**–**	–	**20**	20
	60	60	**–**	–	**–**	–	**–**	–	**60**	60
	60	60	**2,712**	2,712	**–**	–	**8**	24	**2,780**	2,796

11. DIRECTORS' REMUNERATION *(Continued)*

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

	Number of directors	
	2010	2009
Nil – HK$1,000,000	**5**	5
HK$1,500,001- HK$2,000,000	**1**	1
	6	6

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

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

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2009: two) directors. Details of whose remuneration are set out in Note 11 to the financial statements. The details of the remuneration of the remaining three (2009: three) non-director, highest paid employees are as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,868**	1,765
Pension scheme contributions	**36**	34
	1,904	1,799

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

	Number of employees	
	2010	2009
Nil – HK$1,000,000	**3**	3

13. TAXATION

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong during for year ended 31 March 2010 (2009: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	The Group	
	2010	2009
	HK$'000	HK$'000
Current taxation:		
Provision for taxation – PRC	**–**	–
Under-provision in prior years – Hong Kong	**286**	–
	286	–
Deferred taxation:		
Reversal during the year (Note 31)	**(31)**	(22)
	255	(22)

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

The Group

	2010					
	Hong Kong		PRC		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Loss before taxation	(81,430)		(10,001)		(91,431)	
Tax at applicable tax rate	(13,436)	(16.5)	(2,500)	(25.0)	(15,936)	(17.4)
Expenses not deductible for tax purposes	7,477	9.2	–	–	7,477	8.2
Non-taxable income	(393)	(0.5)	(67)	(0.7)	(460)	(0.5)
Tax losses not recognised	6,352	7.8	2,567	25.7	8,919	9.7
Utilisation of tax losses	(8)	–	–	–	(8)	–
Under-provision in previous year	263	0.3	–	–	263	0.3
Tax effect of temporary difference not recognised	7	–	–	–	7	–
Tax effect of reversal of temporary differences previously recognised	(7)	–	–	–	(7)	–
Tax charge at the Group's effective rate	255	0.3	–	–	255	0.3

13. TAXATION *(Continued)*

The Group *(Continued)*

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

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

The net (loss)/profit from ordinary activities attributable to shareholders for the year ended 31 March 2010 dealt with in the financial statements of the Company is approximately HK$214,534,000 (2009: net profit of approximately HK$12,662,000) (Note 35(b)).

15. DIVIDENDS

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

16. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$87,310,000 (2009: approximately HK$73,827,000) and the weighted average number of ordinary shares in issue during the year of 1,545,501,233 (2009: 1,518,287,534).

Diluted loss per share for the year ended 31 March 2010 was not presented as there was no dilutive potential ordinary share. No diluted loss per share for the year ended 31 March 2009 was presented as the effect of the Group's outstanding convertible notes as at 31 March 2009 was anti-dilutive.

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements HK$'000	Machinery HK$'000	Motor vehicles HK$'000	Furniture, fixture and office equipment HK$'000	Tools and equipment HK$'000	Total HK$'000
Cost or valuation:						
At 1 April 2008	87	4,220	501	1,762	247	6,817
Acquisition of a subsidiary	–	11,127	38	398	–	11,563
Additions	343	1,245	171	427	–	2,186
Disposals	–	(2,426)	(284)	(100)	(8)	(2,818)
Exchange difference	–	(2)	2	2	–	2
At 31 March 2009 and 1 April 2009	430	14,164	428	2,489	239	17,750
Additions	–	848	300	122	–	1,270
Disposals	(345)	(8)	(211)	(200)	–	(764)
Exchange difference	2	67	1	5	–	75
At 31 March 2010	87	15,071	518	2,416	239	18,331
Analysis of cost or valuation:						
At cost	87	15,071	518	2,416	239	18,331
At valuation	–	–	–	–	–	–
At 31 March 2010	87	15,071	518	2,416	239	18,331
Accumulated depreciation:						
At 1 April 2008	87	4,218	275	1,614	247	6,441
Provided during the year	–	1,221	55	101	–	1,377
Written back on disposal	–	(2,359)	(247)	(25)	(8)	(2,639)
Exchange difference	–	–	–	2	–	2
At 31 March 2009 and 1 April 2009	87	3,080	83	1,692	239	5,181
Provided during the year	129	3,164	76	219	–	3,588
Written back on disposal	(129)	–	(84)	(57)	–	(270)
Exchange difference	–	–	–	1	–	1
At 31 March 2010	87	6,244	75	1,855	239	8,500
Net book value:						
At 31 March 2010	**–**	**8,827**	**443**	**561**	**–**	**9,831**
At 31 March 2009	343	11,084	345	797	–	12,569

18. GOODWILL

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

The Group

	HK$'000
Cost:	
At 1 April 2008	1,810
Addition during the year	57,823
At 31 March 2009, 1 April 2009 and 31 March 2010	59,633
Impairment:	
At 1 April 2008	–
Impairment loss recognised	22,823
At 31 March 2009 and 1 April 2009	22,823
Impairment loss recognised	4,000
At 31 March 2010	26,823
Net book value:	
At 31 March 2010	**32,810**
At 31 March 2009	36,810

Particulars regarding impairment testing on goodwill are disclosed below:

As explained in Note 7, the Group uses business segments as its primary segment for reporting segment information. For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGU") identified according to the location of operation and business segment as follows:–

	2010 HK$'000	2009 HK$'000
Renovation work	**1,810**	1,810
Advertising	**31,000**	35,000
	32,810	36,810

18. GOODWILL *(Continued)*

Renovation work

The recoverable amount of CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 10.22% per annum. Cash flows beyond that five-year period have been extrapolated using a steady 2% per annum growth rate. This growth rate does not exceed the long-term average growth rate for the market to which the renovation work operation is dedicated.

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

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

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

Advertising

The recoverable amount of CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 17.99% per annum. Cash flows beyond that five-year period have been extrapolated using a steady 2% per annum growth rate. This growth rate does not exceed the long-term average growth rate for the market in which the advertising operation is dedicated.

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

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

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

19. INTERESTS IN SUBSIDIARIES

	The Company 2010 HK$'000	2009 HK$'000
Unlisted investments, at cost	**107,848**	107,848
Less: Impairment loss recognised (note ii)	**(107,848)**	(11,000)
	–	96,848
Amounts due from subsidiaries (note i)	**217,845**	242,929
Less: Impairment loss recognised (note ii)	**(127,034)**	–
	90,811	339,777

Notes:

(i) Amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(ii) The carrying amounts of cost of investments and the carrying amount of amounts due from subsidiaries are reduced to their recoverable amounts which are determined by reference to the value in use.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued and fully paid-up share/ registered capital	Percentage of equity interests attributable to the Company *Direct*	*Indirect*	Principal activities
Wing Hong Investment Limited	British Virgin Islands	US$1 Ordinary	100%	–	Investment holding
Shing Tak Construction Company Limited	Hong Kong	HK$10,000,000 Ordinary	–	100%	Investment holding
Wing Hong Contractors Limited	Hong Kong	HK$17,750,000 Ordinary	–	100%	Building construction and maintenance works
Wing Hong Construction Limited	Hong Kong	HK$10,000 Ordinary	–	100%	Building construction and renovation works
Wing Hong (China) Limited ("WH (China)")	Hong Kong	HK$100 Ordinary	–	100%	Investment holding

19. INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued and fully paid-up share/ registered capital	Percentage of equity interests attributable to the Company *Direct*	*Indirect*	Principal activities
Shanghai Jinjiang Wing Hong Contracting Co. Ltd.* ("Jinjiang Wing Hong")	PRC	RMB12,000,000	–	73%	Renovation works
Wing Hong Interior Contracting Limited	Hong Kong	HK$100 Ordinary	–	100%	Renovation works
Power Pond Limited	Hong Kong	HK$2 Ordinary	–	100%	Dormant
China Media Holdings Limited	Hong Kong	HK$1,000 Ordinary	–	100%	Dormant
Wing Hong (Macau) Limited	Macau	MOP100,000	–	100%	Dormant
Top Asian Limited	British Virgin Islands	US$1 Ordinary	–	100%	Investment holding
Beijing Railsmedia Advertisement Co., Ltd	PRC	RMB19,645,908	–	55%	Advertising
Guangzhou Tracks Co., Ltd	PRC	HK$150,000	–	100%	Consultation on advertising services

Notes:

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

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

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Listed investments:				
– Equity securities listed in Hong Kong	**–**	1,199	**–**	200
Market value of listed securities	**–**	1,199	**–**	200

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

21. INTEREST IN A JOINTLY-CONTROLLED ENTITY

The Group

	2010	2009
	HK$'000	HK$'000
Unlisted shares, at cost	**–**	–
Share of post-acquisition profits and other comprehensive income, net of dividends received	**300**	–
	300	–
Amount due from a jointly-controlled entity	**160**	–
Less: Impairment loss recognised in respect of amount due from a jointly-controlled entity	**–**	–
	160	–

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

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

Particulars of the jointly-controlled entity are as follows:

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

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

The summarised financial information in respect of the Group's jointly-controlled entity, extracted from its management accounts, is set out below:

	2010 HK$'000	2009 HK$'000
Total assets	**354**	442
Total liabilities	**(330)**	(1,018)
	24	(576)
Turnover	**–**	–
Net profit/(loss) for the year	**920**	(142)
Profit/(loss) attributable to the Group	**460**	–

22. INTEREST IN AN ASSOCIATE

	The Group	
	2010	2009
	HK$'000	HK$'000
Share of post-acquisition profits and other comprehensive income, net of dividends received	**–**	–

Particulars of the associate are as follows:

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

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

The summarised financial information in respect of the Group's associate, extracted from its management accounts, is set out below:

	2010	2009
	HK$'000	HK$'000
Total assets	**731**	731
Total liabilities	**(907)**	(907)
	(176)	(176)
Group's share of net liabilities of the Group	**(54)**	(54)
Turnover	**–**	–
Loss for the year	**–**	–

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For the year ended 31 March 2010

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

	The Group	
	2010	2009
	HK$'000	HK$'000
Amount due from customers for contract work	**26,788**	36,791
Amount due to customers for contract work	**(25,208)**	(24,930)
	1,580	11,861
Contracts in progress at the balance sheet date:		
Contract costs incurred plus recognised profits less recognised losses to date	**2,368,618**	3,447,086
Less: Progress billings	**(2,367,038)**	(3,435,225)
	1,580	11,861

24. ACCOUNTS RECEIVABLE

	The Group	
	2010	2009
	HK$'000	HK$'000
Within 30 days	**5,220**	10,353
31 – 90 days	**44**	258
91 – 180 days	**305**	291
Over 180 days	**20,944**	120,887
	26,513	131,789
Less: Allowance for doubtful debts	**(24)**	(24)
	26,489	131,765

24. ACCOUNTS RECEIVABLE *(Continued)*

Notes:

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

(b) The movements in allowance for doubtful debts were as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
At 1 April	**24**	24
Impairment losses recognised in respect of accounts receivable	**40,642**	–
Amounts written off during the year as uncollectible	**(40,642)**	–
At 31 March	**24**	24

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

	The Group	
	2010	2009
	HK$'000	HK$'000
61 – 90 days	**–**	211
91 – 180 days	**305**	291
Over 180 days	**20,944**	120,887
Total	**21,249**	121,389

Interim applications for progress payments for contract works are normally made on a monthly basis. The Group allows an average credit period of 60 days to its contract customers. For retention money receivables in respect of contract works, the due dates are usually not more than three months after the issue of statements of the final accounts of the contract works. As at 31 March 2010, no retentions held by customers for contract work were included in accounts receivable (2009: Nil).

Included in the Group's accounts receivable balance as at 31 March 2009 were amounts of approximately HK$120,459,000 (the "Receivable under Dispute") owed by a major customer (the "Respondent"), recorded based on certificates issued by the architects of a residential development project carried out in Kowloon Tong (the "Residential Project"). The Respondent withheld the Receivable under Dispute with respect to disputes on claims arising from liquidated damages and alleged environmental related damages in relation to the Residential Project and the claim made by the Group on extension of time entitlement. The Respondent also made a counter claim against the Group on the alleged liquidated damages arising from delay in completion of the Residential Project and the alleged environmental related damages in relation to main contract work of the Residential Project. The amount of such counter claim was approximately HK$122,000,000, and was further revised to approximately HK$142,000,000 by the Respondent. The Group and the Respondent agreed to resolve the disputes by way of arbitration (the "Arbitration") in 2005.

24. ACCOUNTS RECEIVABLE *(Continued)*

The Group and the Respondent agreed to divide the Arbitration hearings into tranches in 2007. Interim awards were issued on three tranches during the year ended 31 March 2010. The Group partially succeeded in the claims in the interim awards issued while the Respondent also partially succeeded in their counter claims. The Group will recover approximately HK$79,817,000 of the Receivable under Disputes from the Respondent. As a result, written off of accounts receivable of approximately HK$40,642,000 has been recognised during the year ended 31 March 2010.

As at the date of approval of these consolidated financial statements, the final tranche of the Arbitration had not been issued. The remaining issues in the final tranche are related to some defect works of the Residential Project and the award of interest on the Receivables under Disputes and the award of certain legal costs incurred by the Group, which are to be determined by the arbitrator. In the opinion of the directors, based on legal advice, the Group has a very good prospect of recovering the interest on Receivable under Dispute and legal cost incurred by the Group.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**181**	–	**181**	–
Deposits and other receivables	**36,091**	37,472	**1**	21
	36,272	37,472	**182**	21

Included in the Group's deposits and other receivables is an amount of approximately HK$10,400,000, due from a subcontractor (the "Subcontractor") of the Group, representing the costs incurred on behalf of the Subcontractor in relation to a civil engineering works contract (the "Contract") granted by the Civil Engineering Department of the HKSAR Government to the Group. Due to the unsatisfactory performance of the Subcontractor, and pursuant to a supplemental agreement signed between the Group and the Subcontractor in December 2002, the Group had incurred additional costs to engage other subcontractors to rectify the defects, to complete the incomplete subcontracted works of the Subcontractor and to pay on behalf of the Subcontractor's material, labour and related expenses, in order to proceed and complete the subcontracted works. According to the aforesaid supplemental agreement, the Group is entitled to recover from the Subcontractor the aforesaid costs incurred. During the year ended 31 March 2005, the Subcontractor denied the amount payable to the Group and the Group has commenced arbitration proceedings against the Subcontractor to recover the amount due. After consultation with the Group's legal advisors, the directors consider that the Group has valid grounds to recover the amount due from the Subcontractor. However, it is uncertain at this stage as to the outcome of the arbitration and hence the recoverability of the receivable due from the Subcontractor.

26. AMOUNT DUE FROM AN ASSOCIATE

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

27. CASH AND CASH EQUIVALENTS

At 31 March 2010, cash and cash equivalents of the Group included currencies denominated in RMB amounted to approximately HK$10,029,000 (2009: HK$12,774,000) which is not freely convertible into other currencies.

28. ACCOUNTS PAYABLE

An aged analysis of the accounts payable as at the end of the reporting period, is as follows:

	The Group	
	2010	2009
	HK$'000	HK$'000
Within 30 days	**4,228**	4,134
31 – 90 days	**–**	6
91 – 180 days	**17**	98
Over 180 days	**38,723**	48,708
	42,968	52,946

As at 31 March 2010, no retention payable are included in accounts payable under current liabilities (2009: Nil).

29. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other payables and accruals	**17,569**	14,636	**2,672**	682
Amount due to a related party (Note)	**7,247**	17,301	**7,247**	17,301
	24,816	31,937	**9,919**	17,983

Note: The amount due to a related party amounting to a principal sum of HK$6,000,000 which was granted by Mrs. Hui, spouse of Mr. Hui Kau Mo. Mr. Hui Kau Mo is a director of the Company. The amount due is unsecured, bear interest at 3.5% per annum (2009: HK$16,000,000 at 7% per annum) and with no fixed term of repayment.

30. LOAN FROM SHAREHOLDERS

As at 31 March 2010, shareholders' loan amounting to approximately HK$42,705,000 (2009: HK$47,765,000) and HK$8,661,000 (2009: HK$3,998,000) were granted to the Group by Rich Place Investment Limited ("Rich Place") and Million Honest Limited ("Million Honest"), respectively.

On 26 October 2008, the loans from Rich Place and Million Honest were expired and the new principal loan amounts of HK$36,151,000 and HK$3,881,000 were granted to the Group respectively. The amounts due were unsecured, bear interest at 7% and repayable on 25 October 2010.

During the year, Rich Place and Million Honest have agreed to accept the revision of interest rate of its shareholders' loan from 7% to Nil with effect from 25 October 2009. On 2 March 2010, Rich Place has agreed not to demand the repayment of the principal amount together with the accrued interest of approximately HK$42,705,000 for at least twelve months from the end of the reporting period.

On 20 August 2009 and 22 February 2010, Mr. Yiu Kai Yeuk, Raphael ("Mr. Yiu"), an ex-director of the Company and the sole shareholder of Million Honest, has lend the loan in the sum of HK$2,500,000 and HK$2,000,000 to a subsidiary of the Group, which were unsecured, interest free and repayable on 31 July 2011 and 21 February 2014 respectively.

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

31. DEFERRED TAXATION

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

Deferred tax liabilities:

The Group

	Accelerated tax depreciation HK$'000	Convertible notes HK$'000	Total HK$'000
At 1 April 2008	17	36	53
Credit to consolidated statement of comprehensive income for the year	–	(22)	(22)
At 31 March 2009 and 1 April 2009	17	14	31
Credit to consolidated statement of comprehensive income for the year	(17)	(14)	(31)
At 31 March 2010	**–**	**–**	**–**

The Company

	Convertible notes HK$'000
At 1 April 2008	36
Credit to statement of comprehensive income for the year	(22)
At 31 March 2009 and 1 April 2009	14
Credit to statement of comprehensive income for the year	(14)
At 31 March 2010	**–**

The Group has tax losses arising in Hong Kong and PRC of approximately HK$177,596,000 (2009: HK$89,970,000). Tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Tax losses arising in PRC may be carried forward for a maximum for four years. Deferred tax assets had not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time, or it is not probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

32. SHARE CAPITAL

Changes in authorised capital and issued capital of the Company took place during the period from 1 April 2008 to 31 March 2010 are summarised as follows:

	Notes	Number of ordinary shares	Nominal value of ordinary shares HK$'000
Authorised (ordinary shares of HK$0.01 each):			
At 1 April 2008, 31 March 2009 and 31 March 2010		**10,000,000,000**	**100,000**
Issued (ordinary shares of HK$0.01 each):			
At 1 April 2008		1,440,830,000	14,408
Issue of shares	(a)	93,000,000	930
At 31 March 2009 and 1 April 2009		1,533,830,000	15,338
Conversion of convertible notes	33	20,000,000	200
At 31 March 2010		**1,553,830,000**	**15,538**

During the period from 1 April 2008 to 31 March 2010, the movements in the share capital of the Company were as follows:

(a) On 12 June 2009, 93,000,000 ordinary shares of HK$0.01 each were issued at an issue price of HK$0.74 each for a total cash consideration of approximately HK$68,820,000 through a share placing.

Share options

Details of the Company's share option scheme are included in Note 34 to the financial statements.

33. CONVERTIBLE NOTES

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

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

33. CONVERTIBLE NOTES *(Continued)*

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

	HK$'000
Fair value of convertible notes on 7 December 2007	20,000
Equity component	(4,393)
Liability component at date of issue	15,607
Transaction costs	(699)
	14,908
Interest expenses	199
Converted into Company's shares	(13,875)
Liability component as at 31 March 2008 and 1 April 2008	1,232
Interest expenses	126
At 31 March 2009 and 1 April 2009	1,358
Interest expenses	44
Converted into Company's shares	(1,402)
At 31 March 2010	**–**

During the year ended 31 March 2010, Convertible Notes with an aggregate amount HK$1,600,000 was converted into the ordinary shares of the Company. Total number of ordinary shares converted was 20,000,000.

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

34. SHARE OPTION SCHEME

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

The Scheme became effective on 6 September 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

34. SHARE OPTION SCHEME *(Continued)*

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

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

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and, commences after a certain period and, ends on a date which is not later than 10 years from the date of grant.

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

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

As at the date of approval of these financial statements, the total number of shares available for issue under the Scheme is 155,383,000 shares representing 10% of the total issued share capital of the Company on that date.

No share option was granted, exercised, cancelled or lapsed under the Scheme during the year ended 31 March 2010.

35. RESERVES

(a) The Group

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

(b) The Company

	Share premium account HK$'000	Capital reserve HK$'000	Convertible notes reserve HK$'000	Available-for-sale financial assets fair value reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2008	49,703	107,648	83	111	(11,683)	145,862
Profit for the year	–	–	–	–	12,662	12,662
Other comprehensive expenses for the year	–	–	–	(120)	–	(120)
Total comprehensive income for the year	–	–	–	(120)	12,662	12,542
Premium arising from issue of new shares	67,890	–	–	–	–	67,890
Share issue expenses	(5,847)	–	–	–	–	(5,847)
At 31 March 2009 and 1 April 2009	111,746	107,648	83	(9)	979	220,447
Loss for the year	–	–	–	–	(214,534)	(214,534)
Other comprehensive expenses	–	–	–	9	–	9
Total comprehensive expenses for the year	–	–	–	9	(214,534)	(214,525)
Conversion of shares	1,292	–	(83)	–	–	1,209
At 31 March 2010	**113,038**	**107,648**	**–**	**–**	**(213,555)**	**7,131**

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

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

36. ACQUISITION OF A SUBSIDIARY

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

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

Net assets acquired:

	The carrying amount of the Acquiree's net assets before combination and at their fair values HK$'000
Property, plant and equipment	11,563
Accounts Receivable	155
Prepayments, deposits & other receivables	86,475
Cash and cash equivalents	18,418
Other payable and accruals	(41,204)
	75,407
55% equity interest in Beijing Railsmedia	41,474
Goodwill	57,823
	99,297
Total consideration satisfied by:	
Cash	99,297
Net cash outflow arising on acquisition:	
Total cash consideration	(99,297)
Cash consideration payable (Note 39(b))	77,382
Cash consideration paid	(21,915)
Bank balances and cash acquired	18,418
	(3,497)

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

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

36. ACQUISITION OF A SUBSIDIARY *(Continued)*

If the acquisition had been completed on 1 April 2008, total group revenue for the year ended would have been HK$108,220,000, and loss for the year would have been HK$58,978,000. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2008, nor is it intended to be a projection of future results.

37. DISPOSAL OF SUBSIDIARIES

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

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

During the year ended 31 March 2009, W & D Joint Venture Limited was deregistered on 19 December 2008.

Net liabilities disposed of:

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

38. CONTINGENT LIABILITIES

(a) As disclosed in Notes 24 to the financial statements, the final tranche of the Arbitration had not been issued. The remaining issues in the final tranche are related to some defect works of the Residential Project and the award of interest on the Receivable under Disputes and award of certain legal costs incurred by the Group, which are to be determined by the arbitrator. In the opinion of the directors, based on legal advice, the Group has a very good prospect of recovering the interest on Receivable under Dispute and legal cost incurred by the Group.

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

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

(c) On 13 September 2004, a subsidiary of the Group received a notice of arbitration from a nominated subcontractor in respect of a claim against the subsidiary of the Group in respect of subcontracting works performed in the Residential Project. The amount of claim was approximately HK$26,000,000.

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

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

38. CONTINGENT LIABILITIES *(Continued)*

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

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

(e) On 12 March 2009, a subsidiary of the Group received a writ of summons from a subcontractor in respect of a claim against the subsidiary of the Group in respect of a construction project performed at the Residential Project. The amounts of claims were approximately HK$3,300,000.

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

(f) During the year and up to the date of this announcement, subsidiaries of the Group received a notice of arbitration from a nominated subcontractor in respect of a claim against the Group in respect of subcontracting works performed in a residential development project in Lai Chi Kok Road, Hong Kong and in the Residential Project. The amounts of claims were approximately HK$11,400,000.

As at the date of approval of these financial statements, no decision had been made in the arbitration. In the opinion of the directors, based on legal advices, since the arbitration proceedings are at a very early stage and the amount of the ultimate liability cannot be measured with sufficient reliability, therefore, no provision in respect of such claims was made in the financial statements.

(g) On 26 January 2010, a subsidiary of the Group received a notice of arbitration from a nominated subcontractor in respect of a claim against the subsidiary of the Group regarding its claim for outstanding payments under a kitchen cabinets installation contract in connection with the Residential Project. The amount of claim was approximately HK$5,200,000.

As at the date of approval of these financial statements, no decision had been made in the arbitration. In the opinion of the directors, based on legal advices, since the arbitration proceedings are at a very early stage and the amount of the ultimate liability cannot be measured with sufficient reliability, therefore, no provision in respect of such claims was made in the financial statements.

38. CONTINGENT LIABILITIES *(Continued)*

(h) On 2 September 2009, a subsidiary of the Group received a statement of claim from a subcontractor in respect of a claim against the subsidiary of the Group in respect of the construction project performed at Tung Chung, Hong Kong. The Group filed its reply and counterclaim in January 2010 and the subcontracter filed its reply and defence to counterclaim in March 2010. The amount of claim was approximately HK$2,000,000.

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

(i) On 8 October 2009, a subsidiary of the Group received a writ of summon from a subcontractor in respect of a claim against the subsidiary of the Group in respect of the construction project performed at the Residential Project. The amount of claim was approximately HK$1,200,000.

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

(j) On 19 June 2009, a subsidiary of the Group received a notice of arbitration from a subcontractor in respect of a claim against the subsidiary of the Group in respect of the construction project performed at the Residential Project. The amount of claim was approximately HK$5,696,000. Since this date and up to the date of approval of these financial statements, the arbitration has been dormant and there has been no activity raised by the parties. Arbitrator was appointed in September 2009.

As at the date of approval of these financial statements, no decision had been made in the arbitration. In the opinion of the directors, based on legal advices, since the arbitration proceedings are at a very early stage and the amount of the ultimate liability cannot be measured with sufficient reliability, therefore, no provision in respect of such claims was made in the financial statements.

(k) On 19 May 2010, a subsidiary of the Group received a statement of claim from a subcontractor in respect of a claim against the subsidiary of the Group in respect of the construction project performed at Mei Foo, Hong Kong. The amount of claim was approximately HK$430,000. The Group filed its statement of defence and counterclaim with the gross amount of approximately HK$1,221,000 in June 2010.

As at the date of approval of these financial statements, no decision had been made in the arbitration. In the opinion of the directors, based on legal advices, since the arbitration proceedings are at a very early stage and the amount of the ultimate liability cannot be measured with sufficient reliability, therefore, no provision in respect of such claims was made in the financial statements.

Saved as disclosed above and elsewhere in the financial statements, as at 31 March 2010, the Group and the Company had no other material contingent liabilities.

39. OPERATING LEASE COMMITMENTS

(a) Operating lease commitments

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

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

	The Group	
	2010	2009
	HK$'000	HK$'000
Within one year	**507**	1,562
In the second to fifth years, inclusive	**187**	604
	694	2,166

(b) Capital commitments

	The Group	
	2010	2009
	HK$'000	HK$'000
Commitments for the acquisition of a Company	**77,805**	121,381

40. MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Key management personnel

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

	The Group	
	2010	2009
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**4,624**	4,535

(b) Transactions carried out with related parties

		The Group	
		2010	2009
	Notes	**HK$'000**	HK$'000
Renovation fees received from Shanghai Jinjiang International Investment Co. Ltd ("Shanghai Jinjiang") and its subsidiaries and associates	(i)	**3,879**	2,838
Operating leases receivable from Maximizer Asia (Shanghai) Ltd	(ii)	**17**	40
Renovation fees received from Shellin Investment Ltd	(iii)	**–**	78
Advertising expenses paid to Speedy Well Limited	(iv)	**30**	60

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

40. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) As at 31 March 2010, shareholders' loans amounting to approximately HK$42,705,000 and approximately HK$8,661,000 were granted by two shareholders of the Company, Rich Place and Million Honest, respectively. The terms of the shareholders' loans are included in Note 30 to the financial statements.

Notes:

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

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

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

(iv) Mr. Hui Chi Yung is the director of Speedy Well Limited. The advertising expenses were paid to Speedy Well Limited with the amount of HK$10,000 per month since October 2008. For the year ended 31 March 2010, Speedy Well Limited had waived the advertising fee for the period from 1 April 2009 to 31 December 2009.

41. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 9 July 2010.

Summary Financial Information

For the year ended 31 March 2010

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

RESULTS

	Year ended 31 March				
	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000
TURNOVER	**147,684**	108,038	63,197	64,368	152,701
LOSS FROM OPERATING ACTIVITIES	**(89,434)**	(72,671)	(35,140)	(18,656)	(12,640)
Finance costs	**(1,997)**	(3,641)	(2,311)	(2,528)	(1,851)
LOSS BEFORE TAX	**(91,431)**	(76,312)	(37,451)	(21,184)	(14,491)
Tax	**(255)**	22	473	48	78
LOSS BEFORE MINORITY INTERESTS	**(91,686)**	(76,290)	(36,978)	(21,136)	(14,413)
Attributable to:					
– Owners of the Company	**(87,310)**	(73,827)	(37,055)	(20,411)	(15,004)
– Minority interest	**(4,376)**	(2,463)	77	(725)	591
	(91,686)	(76,290)	(36,978)	(21,136)	(14,413)

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 March				
	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000
TOTAL ASSETS	**171,028**	281,002	234,164	217,597	249,440
TOTAL LIABILITIES	**(144,560)**	(163,097)	(137,786)	(102,490)	(119,977)
MINORITY INTERESTS	**(29,740)**	(34,116)	(2,646)	(2,569)	(3,294)
NET (LIABILITIES)/ASSETS	**(3,272)**	83,789	93,732	112,538	126,169

Note: Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years and is presented on the basis as set out in Note 3 to the financial statements. The consolidated results of the Group for the year ended 31 March 2006, 2007, 2008, 2009 and 2010 are those set out in 2009 annual report and this annual report.