中國置業投資控股有限公司*

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 736

ANNUAL REPORT 2010

* For identification purposes only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Yu Wai Fong *(Chairman)*
Au Tat On
Xu Dong (appointed on 27 May 2010)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lam Man Yui
Lai Wai Yin, Wilson
Cao Jie Min

COMPANY SECRETARY

Yip Yuk Sing

AUTHORISED REPRESENTATIVES

Yu Wai Fong
Yip Yuk Sing

AUDITOR

CCIF CPA Limited

LEGAL ADVISER

Michael Li & Co

PRINCIPAL BANKER

ICBC (Asia)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2001, 20/F
Lippo Centre, Tower Two
89 Queensway Road
Hong Kong

BERMUDA SHARE REGISTRAR AND TRANSFER AGENT

HSBC Bank Bermuda Limited
6 Front Steet, Hamilton, HM11,
Bermuda

HONG KONG SHARE REGISTRAR

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

WEBSITE

http://www.736.com.hk

STOCK CODE

736

CHAIRMAN'S STATEMENT

I am pleased to present the annual results of China Properties Investment Holdings Limited ("company") and its subsidiaries ("group") for the year ended 31 March 2010 to the shareholders.

FINANCIAL RESULTS

For the year under review, the group's turnover was approximately RMB$7.8 million. The audited net loss for the year was approximately RMB19.3 million and the basic loss per share was RMB3.06 cents. The loss was decreased significantly in comparison with the loss incurred last year, which was mainly due to the positive change in fair value of the investment properties of the group.

BUSINESS AND OPERATION REVIEW

During the year under review, the group continued to engage in the properties investment business in the People's Republic of China ("PRC"). As at 31 March 2010, the aggregate gross floor area of the investment properties being held by the group was approximately 7,004 square meters.

Meanwhile, the group penetrated into mining business by acquisition of 51% indirect interest in a mining company in Inner Mongolia of the PRC (the "Acquisition") during the year. The mining company holds a mining license under which the mining company has the right to conduct mining and exploitation works for copper and molybdenum in the mine (the "Mine") located at Keshi Ketengqi Sanyixiang, Yongsheng Cun, Jingpeng Zhen, Chifeng City, Inner Mongolia, the PRC. The Acquisition was completed on 24 July 2009. We believe that it is a good opportunity for the group to diversify the existing business portfolio of the group and to broaden the group's income source.

PROSPECTS

In view of the continual economic growth in the PRC, it is expected that demand for non-ferrous metals will be sustainably high in long run. As such, the company (as a purchaser) entered into the memorandum of understanding on 24 March 2010 with Star Lucky Group Limited (as a vendor) for the possible acquisition of the remaining 40% interest in the Mine being held by the vendor. The company is in the final stage of negotiation with the vendor regarding the possible acquisition. Further announcement will be made by the company should any formal agreement be entered into.

The company also takes initiative in identifying other investment opportunities that will broaden its revenue sources. Although the possible acquisition of World Petroleum Inc. which was announced by the company on 18 August 2009, put on hold pending completion of its internal restructuring, the company still has the intention to diversify its business into the Petroleum Businesses. On 21 June 2010, the company entered into the memorandum of understanding with the independent third parties for the possible acquisition of the entire interest in a target company which upon completion of the restructuring, shall be the ultimate owner of 100% effective interest in the oil & gas rights in parcels of lands in Nevada under three oil & gas leases. Further announcement will be made by the company should any formal agreement be entered into.

CHAIRMAN'S STATEMENT

Going forward, the group will continue to look for other investment opportunities in any other steam in the long run so as to broaden the source of income of the group and diversify the group's business portfolio.

GRATITUDE

Taking this opportunity, I would like to thank all shareholders and business partners for their continuous supports. I also thank for my fellow directors and staff members for their dedication and contribution to the group during the year.

YU WAI FONG
Chairman

Hong Kong, 27 July 2010

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. Yu Wai Fong, aged 47, was appointed as the chairman, executive director and chief executive officer of the company in March 2009. Ms. Yu has extensive experience in corporate management, corporate finance, mergers and acquisitions. She is responsible for the overall management, strategic planning and business development of the group.

Mr. Xu Dong, aged 32, was appointed as an executive director of the company in May 2010. Mr. Xu holds a Bachelor's degree in Japanese from the Shanghai International Studies University. Mr. Xu has extensive experience in business investment and management of mineral corporations. He is responsible for management of the group's mineral business.

Mr. Au Tat On, aged 54, was appointed as an executive director of the company in May 2006. Mr. Au received a bachelor's degree in business administration from Chu Hai College in 1989 and has nearly 28-year experience in banking operations and financing. He is responsible for the general management of the group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Man Yui, aged 27, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in January 2009. Mr. Lam holds a bachelor of science degree from the University of London. He has extensive experience in banking and marking. He is currently a director of an international consultancy company and a director of New Century Forum, Hong Kong.

Mr. Lai Wai Yin, Wilson, aged 45, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in April 2009. Mr. Lai is a fellow member of the Association of International Accountants, United Kingdom and a practising member of the Hong Kong Institute of Certified Public Accountants. He graduated from Hong Kong Shue Yan University majoring in accounting. During the 20 years in the audit profession, Mr. Lai gained extensive experience in the audits of Hong Kong listed companies and multi-national companies engaged in manufacturing, construction, property investment and software development businesses as well as audits of US Securities and Future Commission regulated clients. In addition, he had involved in many initial public offering projects and due diligence works in the People's Republic of China, Hong Kong SAR, Singapore and the United States. He is currently the sole proprietor of Wilson W.Y. Lai & Co., Certified Public Accountants.

Ms. Cao Jie Min, aged 25, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in May 2009. Ms. Cao holds a bachelor of laws in international economy degree from the Shanghai Institute of Foreign Trade. Ms. Cao currently holds a practicing certificate issued by the Ministry of Justice P.R.C. She is currently working in the international settlement department of the Bank of Tokyo – Mitsubishi UFJ (Shanghai branch).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Hon Wei, aged 39, was appointed as the director and authorised representative of Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the company, in December 2008. He is also the director and authorized representative of certain indirect wholly owned subsidiaries of the company. Mr. Hon has extensive experience in banking and business management. Prior to his appointment, Mr. Hon served as the general manager of an investment company in Shanghai for about five years and served as a manager of Bank of Shanghai.

COMPANY SECRETARY

Mr. Yip Yuk Sing, aged 45, was appointed as the company secretary of the company in May 2008. He is also the chief financial officer of the company. Mr. Yip has extensive experience in accounting and financial management. Prior to joining the company, Mr. Yip served as the financial controller and company secretary of a Hong Kong listed company. He holds a bachelor's degree in Accounting and a Master degree in Corporate Finance. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

For the year under review, the group's turnover was approximately RMB7.8 million (2009: approximately RMB17.3 million), representing an decrease of approximately 54.9% compared with last year. The decrease in turnover was mainly due to the disposal of one of the investment properties in Shanghai and termination of certain property management service during the year.

The audited net loss for the year was approximately RMB19.3 million (2009: approximately RMB190.9 million) and the loss per share was RMB3.06 cents (2009: loss per share RMB54.13 cents). Decrease in loss for the year was mainly due to the positive change in fair value of the investment properties of the group, which recorded a valuation gain of approximately RMB32.3 million (2009: valuation loss of approximately RMB222 million). However, there was no cash flow impact on the group for such valuation gain. The company also incurred a loss of approximately RMB7.9 million which was arising on disposal of an investment property of the group and a loss of approximately RMB6.1 million for the change in fair value of convertible bonds.

The administrative expenses of the group for the year amounted to approximately RMB23.2 million, representing an increase of approximately 74.4% compared with last year, of which such increase was mainly attributable to the professional fees in relation to the acquisition of the Mine and other possible acquisitions. The finance cost of the group amounted to approximately RMB9.3 million which was incurred for the bank loans under the security of investment properties in Shanghai and the interest on convertible bonds.

BUSINESS REVIEW

During the year under review, the group continued to engage in the properties investment business in the PRC. As at 31 March 2010, the aggregate gross floor area of the investment properties being held by the group was approximately 7,004 square meters, all of which were leased to third parties under operating leases with lease terms ranging from one year to nine years. The group disposed one of its investment properties in Shanghai for a cash consideration of RMB40 million during the year. Such disposal enables the company to strengthen its cash position and at the same time to reduce its debts and interest burden in the future. Details of the disposal were set out in the circular of the company dated 14 July 2009.

On 4 June 2009, the company (as the purchaser) entered into a sale and purchase agreement between Gold Trinity International Limited (as the vendor) to purchase the entire issued share capital of the Main Pacific Group Limited at the consideration of HK$300 million for acquiring 51% indirect interest in a mining company in Inner Mongolia of the PRC. The mining company holds a mining license under which the mining company has the right to conduct mining and exploitation works for copper and molybdenum in the mine located at Keshi Ketengqi Sanyixiang, Yongsheng Cun, Jingpeng Zhen, Chifeng City, Inner Mongolia, the PRC. The Acquisition represents a good opportunity for the group to penetrate into mining business. It also enables the group to diversify its existing business portfolio and to broaden the group's income source. The Acquisition was completed on 24 July 2009. Details of which are set out in the circular of the company dated 30 June 2009. The Mine is in the beginning stage of development. It is expected that the Mine will be able to commence commercial production in the year of 2012 after the completion of development stage.

MANAGEMENT DISCUSSION AND ANALYSIS

On 14 August 2009, the company (as the purchaser) entered into the memorandum of understanding for the proposed acquisition of the entire interest in World Petroleum Inc., a company which will in turn be indirectly interested in 90% of Morichal Sinoco S.A. ("MSSA"). MSSA is a company incorporated under the laws of Venezuela and has the rights to explore and produce hydrocarbons in the block VMM-17 (located at around 100 kilometers to the northwest of Bogota, Colombia), and to the benefits of the production of the hydrocarbons ("WPI Acquisition"). As World Petroleum Inc. is currently undergoing internal restructuring, the WPI Acquisition has been put on hold pending completion of the said restructuring. Furthermore, the memorandum of understanding made between the company and the vendors of World Petroleum Inc. for the WPI Acquisition has expired on 14 May 2010. Details of which are set out in the announcements of the company dated 18 August 2009 and 16 November 2009 respectively.

On 24 March 2010, the company (as a purchaser) entered into the memorandum of understanding with Star Lucky Group Limited (as a vendor) for the possible acquisition of the remaining 40% interest in the Mine being held by the vendor. Details of which are set out in the announcements of the company dated 24 March 2010, 26 March 2010, 8 April 2010 and 22 June 2010 respectively. The company is in the final stage of negotiation with the vendor regarding the possible acquisition. Further announcement will be made by the company should any formal agreement be entered into.

On 21 June 2010, the company (as the purchaser) entered into the memorandum of understanding with the independent third parties for the possible acquisition of the entire interest in a target company which upon completion of the restructuring, shall be the ultimate owner of 100% effective interest in the oil & gas rights in parcels of lands in Nevada under three oil & gas leases. The company will be entitled to perform due diligence review in relation to the sale and purchase of the target company, including the company structure, the said oil & gas leases, and the assets, liabilities, contracts, commitments, undertaking, prospects and business and financial and legal and taxation aspects of the target company and its subsidiaries and affiliates, a valuation report and a competent person's report on the said oil & gas leases. Details of which are set out in the announcement of the company dated 21 June 2010. Further announcement will be made by the company should any formal agreement be entered into.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2010, the group's net current assets were approximately RMB59.0 million (2009: net current liabilities of approximately RMB6.6 million), including cash and bank balances of approximately RMB73.8 million (2009: approximately RMB5.6 million).

The group had borrowings of approximately RMB58.5 million as at 31 March 2010 (2009: approximately RMB90.5 million). All of the borrowings were bank loans under security, of which 5.1% were due within one year from balance sheet date, 6.0% were due more than one year but not exceeding two years, 23.1% were due more than two years but not exceeding five years and 65.8% were due more than five years. The gearing ratio, defined as the percentage of at net debt to total equity of the company, was approximately 8% (2009: approximately 42%).

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT POSITION

The group does not have any significant investment position in stocks, bonds and other financial derivatives as at 31 March 2010.

FOREIGN EXCHANGE EXPOSURE

As most of the group's assets and liabilities are denominated in Renminbi and the liabilities of the group are well covered by its assets, the group does not have any significant exposure to foreign exchange fluctuation. During the period under review, the group did not use any financial instruments for hedging purposes.

CAPITAL STRUCTURE

The company issued redeemable convertible bonds ("Convertible Bonds") with a principal amount of HK$260 million (equivalent to approximately RMB231.1 million) during the year under review. As at 31 March 2010, the principal amount of the outstanding Convertible Bonds was HK$78 million (equivalent to approximately RMB69 million). Details of which are set out in note 26(i) to the Financial Statements.

On 15 August 2009, the company entered into the placing agreement (the "Placing Agreement") with Cheong Lee Securities Limited (the "Placing Agent") pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, the independent placees to subscribe in cash for the 2-year zero coupon convertible redeemable bonds in the maximum principal amount of HK$600 million (equivalent to approximately RMB533.4 million) (the "Zero Coupon Convertible Bonds"). The Placing Agreement was approved by the shareholders of the company by way of poll at the special general meeting on 21 September 2009. During the year ended 31 March 2010, the placing of eight tranches of the Zero Coupon Convertible Bonds has been completed in an aggregate principal amount of HK$84,960,000 (equivalent to approximately RMB75.2 million). Based on the conversion price of HK$0.118 per conversion share, a maximum number of 720,000,000 shares of the company has been allotted and issued upon exercise of the conversion rights attached to the eight tranches of Zero Coupon Convertible Bonds in full. Details of which are set out in note 26(ii) to the Financial Statements.

CHARGES ON GROUP'S ASSETS

As at 31 March 2010, the group's investment properties with a value of RMB144.6 million were pledged to secure general banking facilities granted to Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the group.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 31 March 2010, the group does not have any material contingent liability (2009: Nil).

ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 4 June 2009, the company (as the purchaser) entered into a sale and purchase agreement between Gold Trinity International Limited (as the vendor) to purchase the entire issued share capital of the Main Pacific Group Limited at the consideration of HK$300 million (equivalent to approximately RMB266.7 million) (the "Acquisition") and the Acquisition was completed on 24 July 2009. Further details of which are set out in the circular of the company dated 30 June 2009.

EMPLOYEES

As at 31 March 2010, the group had 44 employees (2009: 28). The remuneration was determined with reference to statutory minimum wages, market terms and the performance, qualification and experience of individual employees. The group provides contributory provident fund and insurance scheme to the employees. Share option scheme and incentive schemes are adopted to encourage personal commitment of employees.

REPORT OF THE DIRECTORS

The directors (the "director") of the company herein 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. The principal activities of its subsidiaries are set out in note 18 to the financial statements.

RESULTS AND DIVIDENDS

The results of the group for the year ended 31 March 2010 are set out in the consolidated income statement on page 24.

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

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 109. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment of the company and property, plant and equipment, and investment properties of the group during the year are set out in notes 16 and 17 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the company's share capital and share options during the year, together with the reasons therefor, are set out in notes 27 and 28 to the financial statements.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the company's bye-laws ("bye-laws) or the laws of Bermuda, which would oblige the company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the company, nor any of its subsidiaries purchased, redeemed or sold any of the company's listed securities during the year ended 31 March 2010.

RESERVES

Details of movements in the reserves of the company and the group during the year are set out in note 29 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2010, the aggregate amount of reserves available for distribution to equity holders of the company was approximately RMB341,702,000 (2009: approximately RMB114,290,000) subject to the restriction on the share premium account.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, turnover attributable to the group's five largest customers accounted for approximately 100% of the total turnover for the year and turnover attributable to the largest customer included therein amounted to approximately 70%. Purchases from the group's five largest suppliers accounted for 100% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 61%.

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 five largest customers and in the group's five largest suppliers.

REPORT OF THE DIRECTORS

DIRECTORS

The directors of the company during the year under review and up to the date of this report were:

EXECUTIVE DIRECTORS:

Yu Wai Fong *(Chairman)*
Au Tat On
Xu Dong (appointed on 27 May 2010)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Lam Man Yui
Lai Wai Yin, Wilson
Cao Jie Min

According to bye-law 87(1), one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every annual general meeting. A retiring director shall be eligible for re-election. According to bye-law 86(2), any director appointed to fill a casual vacancy on the board or as an addition to the existing board shall hold office only until the next following annual general meeting of the company and shall then be eligible for re-election at that meeting.

In accordance with the bye-law 87(1), Mr. Lam Man Yui and Mr. Lai Wai Yin Wilson will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

In accordance with the bye-law 86(2), Mr. Xu Dong, appointed by the board during the year, shall hold office until the forthcoming general meeting and, being eligible, offer himself for re-election as executive director at the forthcoming annual general meeting.

There were no service contracts entered into between the company and the independent non-executive directors. They will be subject to the general requirement of retirement by rotation under the bye-laws of the company.

The company has received the annual written confirmation from each of the independent non-executive directors of the company of their independence to the company. The company considers that all of the independent non-executive directors are independent in accordance with the guidelines set out in the Listing Rules.

DIRECTORS' BIOGRAPHIES

Biographical details of the directors are set out on page 5 of the annual report.

REPORT OF THE DIRECTORS

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the company's remuneration and nomination committee with reference to the directors' duties, responsibilities and performance and the results of the group.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the company which is not determinable by the company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had interests in any contract of significance subsisting during or at the financial year ended 31 March 2010 in relation to the business of the group taken as a whole.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES

As at 31 March 2010, the interests and short positions of the directors of the company in the share capital 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of director	Capacity of shares held	No. of Shares held	Percentage of issued share capital
Yu Wai Fong	Beneficial owner	512,630,358	11.28%

REPORT OF THE DIRECTORS

The Interests of directors in the share options of the company are separately disclosed in the note 28 to the financial statements.

Save as disclosed above, as at 31 March 2010, none of directors had registered an interest or short position in the shares 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme in note 28 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 31 March 2010, so far as was known to the directors of the company, the following parties being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the company, were recorded in the register kept by the company under section 336 of the SFO:

LONG POSITIONS IN SHARES OF THE COMPANY

Name	Capacity of shares held	No. of Shares held	Percentage of issued share capital
Yu Wai Fong	Beneficial owner	512,630,358	11.28%

Save as disclosed above, as at 31 March 2010, no other interest or short position in the share of the company were recorded in register required to be kept under section 336 of the SFO.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

Significant related party transactions entered into by the group during the year ended 31 March 2010, which do not constitute connected transactions under the Listing Rules, are disclosed in note 32 to the financial statements.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the group are set out in note 35 to the financial statements.

PUBLIC FLOAT

Based on information that is publicly available to the company and within the knowledge of directors of the company, the company maintained a sufficient public float throughout the year ended 31 March 2010.

AUDITOR

The financial statements for the year ended 31 March 2010 were audited by CCIF CPA Limited. A resolution will be submitted to the forthcoming annual general meeting to re-appoint CCIF CPA Limited as auditor of the company.

ON BEHALF OF THE BOARD

Yu Wai Fong
Chairman

Hong Kong, 27 July 2010

CORPORATE GOVERNANCE REPORT

In view of the corporate governance practices, the company has adopted a set of clear guidelines to explain its policies, practices and procedures which aim at meeting our shareholders' expectations. The company has committed to maintain a high standard of corporate governance based on the principles of the code provisions set out in the Code of Corporate Governance Practice (the "CG Code") in Appendix 14 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The company recognizes the maintenance of good corporate governance practices is essential to the growth of the company. In the opinion of the directors, the company had complied with the CG Code throughout the year ended 31 March 2010, except for the Code A.2.1. Detail of the deviation is set out in the relevant section below.

BOARD OF DIRECTORS

COMPOSITION

The board comprises of six directors, including three executive directors and three independent non-executive directors. Details of the board composition are set out in the Report of Directors.

The board formulates overall strategies and policies of the group. It also ensures the availability of adequate capital and managerial resources to implement the strategies adopted, the adequacy of systems of financial and internal controls and the conduct of business in conformity with applicable laws and regulations. Decisions requiring the board's approval include, among others, all matters of objective and strategic importance, corporate governance practices, changes in board members, major transactions and investment commitments, annual budget, all policy matters etc. The day-to-day management, administration and operation of the company are delegated to senior management which is accountable to the board for the implementation of the group's overall strategies and coordination of overall business operations.

The board members are fully committed to their roles and have always acted, individually and collectively, in the best interests of the company and its shareholders at all times. To the best knowledge of the company, there is no financial, business, family or other relevant relationship amongst directors. Biographical details of the directors are set out on page 5 under the section headed "Biographical details of the Directors and Senior Management" of this annual report.

During the year ended 31 March 2010, the board held 46 regular and special board meetings. The attendance of each member at the board meetings is set out below:

Name of Directors	**Attendance/ Number of Meetings**
Executive Directors:	
Yu Wai Fong *(Chairman)*	46/46
Au Tat On	46/46
Xu Dong (Appointed on 27 May 2010)	N/A
Independent non-executive Directors:	
Lam Man Yui	42/46
Lai Wai Yin, Wilson	42/46
Cao Jie Min	41/46

CORPORATE GOVERNANCE REPORT

CHAIRMAN

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The role of the chairman of the board of the company has been performed by Ms. Yu Wai Fong who also acted as the chief executive officer of the company during the year. The board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

The chairman of the group takes the lead in formulating overall strategies and policies of the group which include compliance with good corporate governance practices and to facilitate active contribution of directors in board activities. She also ensures that all directors are properly briefed on issues arising at board meetings and have received adequate, complete and reliable information in a timely manner with the assistance of the company secretary.

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Their participations provide adequate checks and balances to safeguard the interests of the group and its shareholders. The board consists of three independent non-executive directors and one of them has appropriate professional qualifications or accounting or related financial management expertise. The company has received from each of the independent non-executive directors a confirmation of independence for the year pursuant to the Listing Rules. On this basis, the company considers all such directors to be independent.

AUDIT COMMITTEE

The company has established an audit committee which currently comprises three independent non-executive directors. The functions of the audit committee are:–

- to make recommendations to the board concerning the appointment, reappointment, retention, evaluation and termination of compensation and overseeing the work of the company's independent auditor;
- to approve all non-audit services to be provided by the company's independent auditor;
- to approve the remuneration and terms of engagement of the company's independent auditor;
- to review the relationships between the company and the independent auditor;

CORPORATE GOVERNANCE REPORT

- to approve the hiring of any employee or former employee of the company's independent auditor who was a member of the audit team during the preceding two years;
- to review the company's annual and interim financial statements, accounting policies and practices, the effectiveness of the company's disclosure controls and procedures and developments in financial reporting practices and requirements;
- to review the company's risk assessment and management policies;
- to review the adequacy and effectiveness of the company's legal and regulatory compliance procedures;
- to obtain and review reports from management and the independent auditor regarding compliance with applicable legal and regulatory requirements; and
- to perform the duties as set out in code provision C.3.3 of the CG Code.

During the year, the audit committee held 2 meetings, details of attendance are set out below:–

Members	Attendance/ Number of meetings
Lam Man Yui	1/2
Lai Wai Yin, Wilson	2/2
Cao Jie Min	2/2

The audit committee during the year in conjunction with auditor has reviewed the internal controls, interim and annual results of the group and its other duties (if relevant) in the CG Code.

The board has not taken any different view from that of the audit committee regarding selection, appointment, resignation or dismissal of external auditor.

REMUNERATION AND NOMINATION COMMITTEE

The remuneration and nomination committee have been established by the board. The remuneration committee currently comprises three independent non-executive directors. The functions of remuneration and nomination committees are:

- to recommend to the board on the company's policies and structure for the remuneration of the directors and senior management of the group;
- to determine the remuneration packages of all executive directors and senior management;
- to review and approve performance-based remuneration; and
- to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of office or appointment.

CORPORATE GOVERNANCE REPORT

In addition, the remuneration and nomination committee as a whole is responsible for reviewing the board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors. Where vacancies exist, the remuneration and nomination committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the company's needs and other relevant statutory requirements and regulations.

For the avoidance of doubt, the directors and their associates do not participate in decisions making relating to their own remuneration.

During the year, the remuneration and nomination Committee held 3 meetings, details of attendance are set out below:–

Members	Attendance/ Number of meetings
Lam Man Yui	3/3
Lai Wai Yin, Wilson	2/3
Cao Jie Min	1/3

DIRECTORS' SECURITIES TRANSACTION

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

The company had also made specific enquiry of all directors and the company was not aware of any non-compliance with the required standard as set out in the Model Code.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The directors acknowledge their responsibility for preparing all information and representations contained in the financial statements of the group for the year. The directors consider that the financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the board and management with an appropriate consideration to materiality. The directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the company's ability to continue as a going concern. Accordingly, the directors have prepared the financial statements of the company on a going concern basis.

The statement of the auditor of the company regarding their responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 22 to 23 of this annual report.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROLS

It is the responsibility of the board to ensure that the group maintains sound and effective internal controls to safeguard the shareholders' investments and the group's assets. The group's system of internal control includes a defined management structure with limits of authority, safeguard its assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable assurance against material misstatement or loss, and to oversee the group's operational systems for the achievement of the group's business objectives. These have all been in place throughout the year under review and up to the date of this report and are reviewed regularly by the board.

AUDITOR'S REMUNERATION

An analysis of the remuneration of the company's auditor, CCIF CPA Limited, for the year is set out as follows:

Services rendered	Fee paid/payable Approximately RMB
Audit services (2009: approximately RMB 471,000)	783,000
Non-audit services (2009 approximately RMB 312,000)	1,352,000
Total:	2,135,000

COMMUNICATION WITH SHAREHOLDERS

The company endeavours to develop and maintain continuing relationships and effective communications with its shareholders and investors. To facilitate and enhance the relationships and communication, the company has established, including but not limited to, the following various channels:

1. annual general meeting provides a forum for shareholders of the company to raise comments and exchange views with the board. The chairman and the directors are available at annual general meetings to address shareholders' queries;

2. separate resolutions are proposed at general meetings on each substantially separate issue and procedures for demanding a poll in general meetings are included in circulars to the shareholders to facilitate the enforcement of shareholders' rights;

3. interim and annual results are announced as early as possible so that the shareholders are kept informed of the group's performance and operations; and

4. corporate website www.736.com.hk contains extensive information and updates on the company's business developments and operations, financial information and other information.

INDEPENDENT AUDITOR'S REPORT

CCIF
CCIF CPA LIMITED
34/F The Lee Gardens
33 Hysan Avenue
Causeway Bay Hong Kong

TO THE SHAREHOLDERS OF CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Properties Investment Holdings Limited (the "company") set out on pages 24 to 108, which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the 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 financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT

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

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

OPINION

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

Without qualifying our opinion, we draw attention to note 2(b) to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. As further explained in that note, the financial statements of the group have been prepared on a going concern basis, notwithstanding that the group incurred a loss attributable to owners of the company of approximately RMB19,179,000 and negative operating cash flows of approximately RMB13,233,000 during the year. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the group and the company to continue as a going concern.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 27 July 2010

Alvin Yeung Sik Hung
Practising Certificate Number P05206

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

	Note	2010 RMB'000	2009 RMB'000 (restated)
Turnover	7	**7,750**	17,254
Cost of sales		**(4,370)**	(3,875)
		3,380	13,379
Valuation gains/(loss) on investment properties	17	**32,347**	(221,981)
Other revenue and other net income	8	**2,233**	1,992
Selling expenses		**(54)**	(549)
Administrative expenses		**(23,240)**	(13,308)
Other operating expenses	9(d)	**(16,005)**	(17,260)
Loss from operations		**(1,339)**	(237,727)
Finance costs	9(a)	**(9,274)**	(7,705)
Loss before taxation	9	**(10,613)**	(245,432)
Income tax	12	**(8,688)**	54,487
Loss for the year		**(19,301)**	(190,945)
Attributable to:			
Owners of the company	13	**(19,179)**	(190,945)
Minority interest		**(122)**	–
Loss for the year		**(19,301)**	(190,945)
Loss per share			
– Basic	15(a)	**(3.06 cents)**	(54.13 cents)
– Diluted	15(b)	**(3.06 cents)**	(54.13 cents)

The notes on pages 31 to 108 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	2010 RMB'000	2009 RMB'000 (restated)
Loss for the year	**(19,301)**	(190,945)
Other comprehensive income for the year		
Exchange differences on translation of financial statements of the overseas subsidiaries	**1,145**	1,851
Total other comprehensive income for the year, net of tax	**1,145**	1,851
Total comprehensive loss for the year	**(18,156)**	(189,094)
Attributable to:		
Owners of the company	**(18,034)**	(189,094)
Minority interest	**(122)**	–
Total comprehensive loss for the year	**(18,156)**	(189,094)

The notes on pages 31 to 108 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Note	2010 RMB'000	2009 RMB'000 (restated)
Non-current assets			
Property, plant and equipment	16	**3,711**	997
Investment properties	17	**186,117**	201,678
Intangible assets	19	**499,398**	–
		689,226	202,675
Current assets			
Trade and other receivables	20	**3,434**	4,048
Trading securities	21	**112**	85
Cash and cash equivalents	22	**73,784**	5,631
		77,330	9,764
Current liabilities			
Other payables	23	**15,322**	4,402
Interest-bearing bank borrowings	24	**3,000**	12,000
Current taxation	25(a)	**–**	–
		18,322	16,402
Net current assets/(liabilities)		**59,008**	(6,638)
Total assets less current liabilities		**748,234**	196,037
Non-current liabilities			
Interest-bearing bank borrowings	24	**55,500**	78,500
Deferred tax liabilities	25(b)	**8,087**	–
Convertible bonds	26	**66,428**	–
		130,015	78,500
NET ASSETS		**618,219**	117,537
EQUITY			
Equity attributable to owners of the company			
Share capital	27	**40,406**	15,796
Reserves	29	**332,340**	101,741
		372,746	117,537
Minority interest	29	**245,473**	–
Total equity		**618,219**	117,537

Approved and authorised for issue by the board of directors on 27 July 2010.

On behalf of the board

Yu Wai Fong
Director

Au Tat On
Director

The notes on pages 31 to 108 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Note	2010 RMB'000	2009 RMB'000 (restated)
Non-current assets			
Property, plant and equipment	16	–	–
Interest in subsidiaries	18	380,777	125,630
		380,777	125,630
Current assets			
Other receivables	20	243	148
Trading securities	21	112	85
Cash and cash equivalents	22	72,887	4,855
		73,242	5,088
Current liabilities			
Other payables	23	5,483	632
		5,483	632
Net current assets		67,759	4,456
Total assets less current liabilities		448,536	130,086
Non-current liabilities			
Convertible bonds	26	66,428	–
NET ASSETS		382,108	130,086
EQUITY			
Equity attributable to owners of the parent			
Share capital	27	40,406	15,796
Reserves	29	341,702	114,290
Total equity		382,108	130,086

Approved and authorised for issue by the board of directors on 27 July 2010.

On behalf of the board

Yu Wai Fong
Director

Au Tat On
Director

The notes on pages 31 to 108 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Contributed surplus reserve RMB'000	Employee share-based compensation reserve RMB'000	Exchange fluctuation reserve RMB'000	(Accumulated losses)/ retained profits RMB'000	Total RMB'000	Minority interest RMB'000	Total equity RMB'000
At 1 April 2008 (restated)	15,796	206,307	(9,988)	18,689	46,441	28,673	713	306,631	–	306,631
Transaction with owners										
Options forfeited during the year (restated)	–	–	–	–	(13,177)	–	13,177	–	–	–
Total comprehensive loss for the year (restated)	–	–	–	–	–	1,851	(190,945)	(189,094)	–	(189,094)
At 31 March 2009 (restated)	15,796	206,307	(9,988)	18,689	33,264	30,524	(177,055)	117,537	–	117,537
At 1 April 2009	15,796	206,307	(9,988)	18,689	33,264	30,524	(177,055)	117,537	–	117,537
Transaction with owners										
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	245,595	245,595
Placing and subscription of new shares	7,575	73,493	–	–	–	–	–	81,068	–	81,068
Share issue expenses	–	(2,328)	–	–	–	–	–	(2,328)	–	(2,328)
Conversion of convertible bonds	17,035	177,468	–	–	–	–	–	194,503	–	194,503
Options forfeited during the year	–	–	–	–	(16,632)	–	16,632	–	–	–
Total comprehensive loss for the year	–	–	–	–	–	1,145	(19,179)	(18,034)	(122)	(18,156)
At 31 March 2010	40,406	454,940	(9,988)	18,689	16,632	31,669	(179,602)	372,746	245,473	618,219

The notes on pages 31 to 108 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

	Note	2010 RMB'000	2009 RMB'000 (restated)
Operating activities			
Loss before taxation		**(10,613)**	(245,432)
Adjustments for:			
Finance costs		**9,274**	7,705
Interest income on bank deposits		**(18)**	(928)
Depreciation		**810**	351
Valuation (gains)/loss on investment properties		**(32,347)**	221,981
Loss arising on change in fair value of convertible bonds		**6,132**	–
(Gain)/loss arising on change in fair value of trading securities		**(28)**	87
Write off of deposits on purchase of investment property		**–**	14,939
Loss and disposal of investment properties		**7,908**	–
Impairment of trade receivable		**1,962**	2,234
Reverse of impairment of trade receivables		**(1,472)**	–
Gain on disposal of property, plant and equipment		**(8)**	–
Foreign exchange loss/(gain), net		**657**	(300)
Operating (loss)/gain before changes in working Capital		**(17,743)**	637
Decrease/(Increase) in trade and other receivables		**13,991**	(3,211)
(Decrease)/increase in other payables		**(8,880)**	87
Cash used in operations		**(12,632)**	(2,487)
Tax paid		**(601)**	–
Net cash used in operating activities		**(13,233)**	(2,487)
Investing activities			
Purchase of property, plant and equipment		**(3,317)**	(12)
Net cash outflow from acquisition of subsidiaries	30	**(35,426)**	–
Proceeds on disposal of investment property		**40,000**	–
Proceeds on disposal of property, plant and equipment		**25**	–
Interest received		**18**	928
Net cash generated from investing activities		**1,300**	916

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

	Note	2010 RMB'000	2009 RMB'000 (restated)
Financing activities			
Proceeds from issue of shares		**81,068**	–
Repayment of bank loans	24	**(32,000)**	(7,500)
Early redemption of convertible bonds		**(31,860)**	–
Proceeds from issue of zero convertible bonds		**74,448**	–
Interest paid		**(9,274)**	(7,705)
Share issue expense		**(2,328)**	–
Net cash generated from/(used in) financing activities		**80,054**	(15,205)
Net increase/(decrease) in cash and cash equivalents		**68,121**	(16,776)
Cash and cash equivalents at 1 April		**5,631**	22,494
Effect of foreign exchange rate changes, net		**32**	(87)
Cash and cash equivalents at 31 March	22	**73,784**	5,631

The notes on pages 31 to 108 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

1. CORPORATE INFORMATION

China Properties Investment Holdings Limited (the "company") is an investment holding company. The principal activities of its subsidiaries are set out in note 18 to the financial statements.

The company was incorporated and domiciled in Bermuda with limited liability under the Companies Act (1981) of Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The company's functional currency and presentation currency were Hong Kong dollar. Following the completion of acquisition of subsidiaries as at 24 July 2009 (note 30), the directors re-assessed its functional currency after the acquisition of subsidiaries, in which its main operations are located in the People's Republic of China (the "PRC"). It is expected that currency of primary economic environment in which the subsidiaries of the company operates will substantially denominated in Renminbi ("RMB"). As a result of this assessment, the directors determined to change the functional currency from Hong Kong dollar to RMB with effect from 24 July 2009. The change of functional and presentation currency is applied prospectively from the date of change in accordance with HKAS21 "The Effect of Changes in Foreign Exchange Rates".

The directors consider that RMB is more meaningful in presenting the operating result and financial position of the company and its subsidiaries (collectively referred to as the "group"). As a result, the group changed its presentation currency from Hong Kong dollar to RMB. The effect of the change of the functional currency of the company has been accounted for prospectively since 24 July 2009. The comparative figures for the year ended 31 March 2009 have also been restated to change the presentation currency to RMB accordingly.

The change in the presentation currency and the restatement of the comparative amounts from Hong Kong dollar to RMB has had no material impact on the group's annual consolidated financial statements for the year presented.

2. SIGNIFICANT ACCOUNTING POLICIES

A) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the group is set out below.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the group and the company. Note 3 provides information on the initial application of these developments to the extent that they are relevant to the group for the current and prior accounting periods reflected in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

i) Going Concern

The group incurred a loss attributable to owners of the company of RMB19,179,000 (2009: RMB190,945,000) and had negative operating cash flows of RMB13,233,000 (2009: RMB2,487,000) for the year.

As mentioned in note 35(iv), (v) and (vi), the Company entered into several Memorandum of Understanding in relation to some possible acquisitions, which require additional funding for performing due diligence review and cash deposit. The directors of the company will seek possible financing alternative to fulfill the expected cash outflow for these projects.

In preparing these financial statements, the directors of the company have given careful consideration to the impact of the current and anticipated future liquidity of the group and the ability of the group to attain positive cash flow from operations in the immediate and longer term.

In order to strengthen the capital base of the group and to improve the group's financial position, liquidity and cash flows in the immediate foreseeable future, and to sustain the group as a going concern, the group have adopted the following measures.

The group completed three placings on 1 April 2010, 27 May 2010 and 14 June 2010, and generated net amount of cash inflow of approximately RMB37,999,000, RMB24,200,000 and RMB17,160,000 respectively.

For the mining business, the group is working on plans to construct the mining facilities and plants in order to start the production in 2012 and with a view that the group can generate positive cash flow and enhance the profitability of the group in a future period.

In the opinion of the directors of the company, in light of the measures taken to date, the group will have sufficient working capital for its current requirements. Accordingly, the directors of the company consider that it is appropriate to prepare the financial statements on a going concern basis.

Should the group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

ii) Basis of measurement

The consolidated financial statements for the year ended 31 March 2010 comprise the company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment in equity securities, investment properties and convertible bonds are stated at their fair value as explained in the accounting policies set out in notes 2(d), 2(f) and 2(n) respectively below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, 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 believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 5.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) SUBSIDIARIES AND MINORITY INTEREST

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the company, whether directly or indirectly through subsidiaries, and in respect of which the group has not agreed any additional terms with the holders of those interests which would result in the group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the company. Minority interests in the results of the group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between minority interests and the owners of the company.

Where losses applicable to the minority exceed its interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the group's interest is allocated all such profits until the minority's share of losses previously absorbed by the group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(l) or (m) depending on the nature of the liability.

In the company's statement of financial position, an investment in subsidiaries are stated at cost less impairment losses (see note 2(i)) unless the investment is classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) OTHER INVESTMENTS IN EQUITY SECURITIES

The group's and the company's policies for investments in equity securities, other than investments in subsidiaries, are as follows:

Investments in equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification.

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 2(p)(iii) and (iv).

Investments are recognised/derecognised on the date the group commits to purchase/sell the investments or when they expire.

E) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(i)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Leasehold improvements	5 years
Furniture and equipment	5 years
Motor vehicles	4 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) INVESTMENT PROPERTIES

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undertermined future use.

Investment properties are stated in the statement of financial position at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(p)(i).

When the group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(h)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(h).

G) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Mining rights with finite useful lives are carried at cost less accumulated amortisation and impairment losses (see note 2(i)). The mining rights are amortised using the units of production method based on the proven and probable mineral reserves.

H) LEASED ASSETS

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

H) LEASED ASSETS (Continued)

i) *Classification of assets leased to the group*

Assets held by group under leases which transfer to the group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if were held under a finance lease (see note 2(f)); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the group, or taken over from the previous lessee.

ii) *Operating lease charges*

Where the group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) IMPAIRMENT OF ASSETS

i) Impairment of investments in equity securities and other receivables

Investments in equity securities (other than investments in subsidiaries – see note 2(d)) and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unlisted equity securities carried at cost, impairment loss is measured as the difference between the carrying amount of the financial assets and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

– For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. The assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) IMPAIRMENT OF ASSETS (Continued)

i) Impairment of investments in equity securities and other receivables (Continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– investments in subsidiaries (except for those classified as being held for sale); and

– intangible assets

If any such indication exists, the asset's recoverable amount is estimated. In addition, intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) IMPAIRMENT OF ASSETS (Continued)

ii) Impairment of other assets (Continued)

– Calculation of recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of the other assets will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) IMPAIRMENT OF ASSETS (Continued)

iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(i)).

Impairment losses recognised in an interim period in respect of available-for-sale equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

J) TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment for doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(i)).

K) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

L) OTHER PAYABLES

Other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

M) INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

N) CONVERTIBLE BONDS

Convertible bonds of the company consisted of the liability component and embedded derivatives, (such as embedded conversion option, and early redemption option). The group elected to designate its convertible bonds with embedded derivatives as financial liabilities at fair value through profit or loss on initial recognition. At the end of such reporting period subsequent to initial recognition, the entire convertible bonds were measured at fair value, with changes in fair value recognized directly in profit or loss in the year in which they arise.

Transaction costs that were directly attributable to the issue of the convertible bonds designated as financial liabilities at fair value through profit or loss were recognized immediately in profit or loss.

O) INCOME TAX

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

O) INCOME TAX (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the assets can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax assets can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the company or the group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the company or the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

O) INCOME TAX (Continued)

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

P) REVENUE RECOGNITION

Provided it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

ii) Property management service income

Property management service income is recognised when the services are provided.

iii) Dividends income from listed investments

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

v) Government grant

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the group will comply with the conditions attaching to them.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in equity.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Renminbi at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange difference related to that foreign operation is classified from equity to profit or loss when the profit or loss in disposal is recognised.

R) BORROWING COSTS

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

S) RELATED PARTIES

For the purpose of these financial statements, parties are considered to be related to the group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the group or exercise significant influence over the group in making financial and operating policy decisions, or has joint control over the group;

(ii) the group and the party are subject to common control;

(iii) the party is an associate of the group or a joint venture in which the group is a venturer;

(iv) the party is a member of key management personnel of the group or the group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

S) RELATED PARTIES (Continued)

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

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

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

T) EMPLOYEE BENEFITS

i) Short-term employee benefits and contributions to defined contribution retirement plans

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

ii) Share-based payments

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

T) EMPLOYEE BENEFITS (Continued)

ii) Share-based payments (Continued)

Share options granted to employees on or before 7 November 2002

In prior years, no amounts were recognised when employees (which terms include Directors) were granted share option over shares in the company. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1 January 2005, in order to comply with HKFRS 2 "Share-based Payment", the group recognises the fair value of such share options as an expense in the income statement. A corresponding increase is recognised in an option premium reserve within equity.

Where the employees are required to meet vesting conditions before they become entitled to the option, the group recognises the fair value of the option granted over the vesting period. Otherwise, the group recognises the fair value in the period in which the options are granted.

If an employee chooses to exercise options, the related option premium reserve is transferred to share capital and share premium, together with the exercise price. If the options lapse unexercised the related option premium reserve is transferred directly to retained profits.

The new accounting policy has been applied retrospectively with comparatives restated in accordance with HKFRS 2, except that the group has taken advantage of the transitional provisions set out in paragraph 53 of HKFRS 2 under which the new recognition and measurement policies have not been applied to all options granted to employees on or before 7 November 2002.

iii) Termination benefits

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

U) SEGMENT REPORTING

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

U) SEGMENT REPORTING (Continued)

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

V) PROVISIONS AND CONTINGENT LIABILITIES

Other provisions and contingent liabilities

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

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

W) GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching condition will be complied with. When the grant relates to an expenses item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

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

The group has adopted the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") that are first effective for the current accounting period.

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or assosciate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 which is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations Arising on liquidation
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

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

The amendments to HKAS 23 and HKFRS 2 and Interpretations HK(IFRIC) 15 and HK(IFRIC) 16 have had no material impact on the group's financial statements as the amendments and interpretations were consistent with policies already adopted by the group. The impact of the remainder of these developments is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the group's chief operating decision maker regards and manages the group, with the amounts reported for each reportable segment being the measures reported to the group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the group's chief operating decision maker, and has resulted in additional reportable segments being identified and presented (see note 6). Corresponding amounts have been provided on a basis consistent with the revised segment information.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

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

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures in note 4(vi) about the fair value measurement of the group's financial instruments, categorizing these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 April 2009, all dividends receivable from subsidiaries, whether out of pre-or post-acquisition profits, will be recognised in the company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's major financial instruments include trade and other receivables, trading securities, interest-bearing borrowings, other payables and convertible bonds. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk, interest rate risk and other price risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

I) CREDIT RISK

a) As at 31 March 2010, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

b) *Deposits with financial institutions*

The group limits its exposure to credit risk by placing deposits with financial institutions that meet the established credit rating or other criteria. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

As at 31 March 2010, the group has certain concentration of credit risk as 99% (2009: 86%) of total cash and cash equivalents were deposited at one financial institution in the Hong Kong with high credit ratings.

c) In respect of trade receivables, in order to minimize risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its tenants' financial position and condition is performed on each and every major tenant periodically. These evaluations focus on a tenant's past history of making payments when due and current ability to pay, and take into account information specific to the tenant as well as pertaining to the economic environment in which the tenant operates. The group has received rental deposits amounting to RMB1,542,000 (2009: RMB2,078,000) from the tenants as collateral. Rents are usually due upon presentation of billing.

d) In respect of trade receivables, the group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The default risk of the industry in which tenant operates also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the group has a certain concentration of credit risk as 25% (2009: 27%) and 100% (2009: 99%) of the total rental receivables was due from the group's largest tenant and the five largest tenants respectively.

Further quantitative disclosures in respect of the group's exposure to credit risk arising from trade and other receivables are set out in note 20.

II) LIQUIDITY RISK

Individual operating entities within the group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The group relies on bank borrowings as a significant source of liquidity.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

II) LIQUIDITY RISK (Continued)

The following liquidity table set out the remaining contractual maturities at the end of the reporting period of the group's and the company's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting period) and the earliest date the group and the company are required to pay:

The group

	2010						2009					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000	Within 1 year or on demand RMB'000 (restated)	More than 1 year but less than 2 years RMB'000 (restated)	More than 2 years but less than 5 years RMB'000 (restated)	More than 5 years RMB'000 (restated)	Total contractual undiscounted cash flow RMB'000 (restated)	Carrying amount RMB'000 (restated)
Non-derivative financial liabilities												
Other payables	15,322	–	–	–	15,322	15,322	4,402	–	–	–	4,402	4,402
Secured bank loan	6,773	7,077	22,664	42,699	79,213	58,500	17,603	11,048	39,735	50,636	119,022	90,500
Convertible bonds	–	–	71,217	–	71,217	66,428	–	–	–	–	–	–
	22,095	7,077	93,881	42,699	165,752	140,250	22,005	11,048	39,735	50,636	123,424	94,902

The company

	2010						2009					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000	Within 1 year or on demand RMB'000 (restated)	More than 1 year but less than 2 years RMB'000 (restated)	More than 2 years but less than 5 years RMB'000 (restated)	More than 5 years RMB'000 (restated)	Total contractual undiscounted cash flow RMB'000 (restated)	Carrying amount RMB'000 (restated)
Non-derivative financial liabilities												
Other payables	5,483	–	–	–	5,483	5,483	632	–	–	–	632	632
Convertible bonds	–	–	71,217	–	71,217	66,428	–	–	–	–	–	–
	5,483	–	71,217	–	76,700	71,911	632	–	–	–	632	632

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

III) CURRENCY RISK

The group is exposed to foreign currency risk related primarily to cash and cash equivalents, other receivables, trade and other payables, trading securities and convertible bonds that are denominated in currencies other than the functional currency of the relevant group entities.

Most of the group's and the company's transactions, assets and liabilities are denominated in RMB, which is the same as the functional currency of the entity to which they related.

The following table details the group's and the company's exposure at the end of the reporting to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they related.

The Group

	2010	2009
	HK$'000	HK$'000
Other receivables	**275**	168
Cash and cash equivalents	**82,358**	5,518
Trading securities	**127**	95
Other payables	**(6,195)**	(718)
Convertible bonds	**(75,060)**	–
Overall net exposure	**1,505**	5,063

The Company

	2010	2009
	HK$'000	HK$'000
Other receivables	**275**	168
Cash and cash equivalents	**82,358**	5,518
Trading securities	**127**	95
Other payables	**(6,195)**	(718)
Convertible bonds	**(75,060)**	–
Overall net exposure	**1,505**	5,063

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

III) CURRENCY RISK (Continued)

An analysis of the estimated change in the group's loss after tax and accumulated losses in response to reasonably possible changes in the foreign exchange rates to which the group has significant exposure at the end of the reporting period is presented in the following table.

The Group

	2010		2009	
	Increase/ (decrease) in foreign exchange rates	**Effect on loss after tax and accumulated losses RMB'000**	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses RMB'000 (restated)
Hong Kong dollar	**10%**	**111**	10%	372
	(10%)	**(111)**	(10%)	(372)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the group entities' exposure to currency risk for non-derivative financial instruments in existence at that date while all other variables remain constant. The stated changes also represent management's assessment of a reasonably possible change in foreign exchange rates until at the end of next annual reporting period. The analysis is performed on the same basis for 2009.

IV) INTEREST RATE RISK

The group's exposure to market risk for changes in interest rates related primarily to the group's fixed rate interest-bearing borrowings. The group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider to hedge significant interest rate exposures when the need is anticipated.

At 31 March 2010, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would increase/decrease the group's loss after tax and accumulated losses attributable to fixed rate bank borrowings by approximately RMB585,000 (2009: RMB905,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 1% increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until at the end of next annual reporting period. The analysis is performed on the same basis for 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

IV) INTEREST RATE RISK (Continued)

The interest rate profile of the group's borrowings at the end of the reporting period is as follows:

	The group	
	2010	2009
	RMB'000	RMB'000
		(restated)
Fixed rate borrowings		
Interest-bearing bank borrowings	**58,500**	90,500
Effective interest rates	**6.534%**	6.534%

V) EQUITY PRICE RISK

The group is exposed to equity price risk arising from trading of listed securities classified as trading securities in the consolidated statement of financial position. The sensitivity analysis has been determined based on the exposure to equity price risk.

At the end of the reporting period, if the stock market index of the trading securities had been 10% higher or lower while all other variables were held constant, the group's net loss would decrease or increase by approximately RMB12,000 (2009: RMB9,000) as a result of changes in fair value of investments. The group's sensitivity to equity price has not changed significantly from the prior year.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock market index had occurred at the end of the reporting period and had been applied to the exposure to equity price in existence at that date. It also assumed that the fair values of the group's trading securities would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, that none of the group's trading securities would be considered impaired as a result of a reasonably possible decrease in the relevant stock market index or other relevant risk variable, and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables over the period until at the end of next annual reporting period. The analysis is performed on the same basis for 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

VI) FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following table provides an analysis of financial instruments that are measured at fair value at the end of the reporting period, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- 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).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in this entirety.

	The Group and The Company							
	2010				2009			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	RMB'000 (restated)	RMB'000 (restated)	RMB'000 (restated)	RMB'000 (restated)
Financial assets at fair value through profit or loss								
Trading securities	**112**	**–**	**–**	**112**	85	–	–	85
Financial liabilities at fair value through profit or loss								
Convertible bonds	**–**	**66,428**	**–**	**66,428**	–	–	–	–

There were no significant transfers between instruments in Level 1 and Level 2 during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

VII) ESTIMATION OF FAIR VALUES

The following summarises the major methods and assumptions used in estimating the fair values of the following financial instruments.

a) *Interest-bearing bank borrowings*

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

b) *Convertible bonds*

The fair value of convertible bonds is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions.

c) *Trading securities*

Fair value for quoted equity investments are based on the closing bid prices at the end of the reporting period.

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

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

(A) KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

(i) *Impairment of receivables*

The group maintains impairment allowance for doubtful accounts based on the evaluation of the recoverability of the accounts receivable and other receivables, at the end of each reporting period. The estimates are based on the ageing and balance of the accounts receivable and other receivables and the historical write-off experience, net of recoveries. If the financial conditions of the debtors were to deteriorate, additional impairment allowance might be required.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(A) KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(ii) Mining right

As disclosed in note 19 to the financial statements, the group's mining right for the exploitation of copper and molybdenume will expire in November 2011. The company's directors considered, after having obtained a PRC legal opinion, that in accordance with the relevant PRC laws and regulations, the group is entitled to renew the mining right when it expires. The company's directors are of the opinion that there is no foreseeable circumstances which will preclude the group from obtaining a renewal of the mining right when it expires.

(iii) Fair value

Management uses their judgement in selecting an appropriate valuation technique for convertible bonds that do not have a quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For convertible bonds, assumptions are made based on quoted market rate adjusted for specific features of the convertible bonds.

(B) CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In determining the carrying amounts of some assets and liabilities, the group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(B) CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

i) Going concern

As mentioned in note 2(b)(i) to the financial statements, the directors are satisfied that the company will be able to meet its financial obligations in full as and when they fall due in the foreseeable future. As the directors are confident that the company will be able to continue in operational existence in the foreseeable future, the financial statements have been prepared on a going concern basis.

If the going concern basis is not appropriate, adjustments would have to be made to provide for any further liabilities which might arise. Such adjustments may have a significant consequential effect on the loss for the year and net liabilities of the company.

6. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports which provides information about components of the group. These information are reported to and reviewed by the chief operating decision-maker ("CODM") for the purposes of resource allocation and performance assessment.

The CODM considers the business from both geographic and product perspectives. Geographically, the CODM considers the performance of the segments in Hong Kong and PRC. The group has presented the following two reportable segments. These segments are managed separately. The property investment segment and the mining segment offers very different products and services.

1. PROPERTIES INVESTMENT

The properties investment reportable operating segment derives its revenue primarily from rental of investment properties and property management services.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

6. SEGMENT REPORTING (Continued)

2. MINING

The mining reportable segment derives its revenue from exploitation of copper and molybdenume.

No reportable operating segment has been aggregated.

(a) SEGMENT RESULTS, ASSETS AND LIABILITIES

For the purposes of assessing segment performance and allocating resources between segments, the group's CODM monitors decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments are the same as the group's accounting policies described in note 2(u). Segment profit/(loss) represents the profit earned by/(loss) from each segment without allocation of general administration costs such as directors' salaries, investment income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation charge/(credit) is not allocated to a reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the income statement.

All assets are allocated to reportable segments other than trading securities and corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

All liabilities are allocated to reportable segments other than current tax liabilities and corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

6. SEGMENT REPORTING (Continued)

(a) SEGMENT RESULTS, ASSETS AND LIABILITIES (Continued)

Information regarding the group's reportable segments as provided to the group's CODM for the purposes of resource allocation and assessment of segment performance for the year is set out below.

	31 March 2010			31 March 2009		
	Properties investment RMB'000	Mining RMB'000	Total RMB'000	Properties investment RMB'000 (restated)	Mining RMB'000 (restated)	Total RMB'000 (restated)
Revenue from external customers	7,750	–	7,750	17,254	–	17,254
Reportable segment revenue	7,750	–	7,750	17,254	–	17,254
Reportable segment loss	17,439	(322)	17,117	(236,873)	–	(236,873)
Interest revenue	16	1	17	908	–	908
Depreciation	(398)	(89)	(487)	(241)	–	(241)
Loss on disposal of investment properties	(7,908)	–	(7,908)	–	–	–
Reversal of impairment of trade receivable	1,472	–	1,472	–	–	–
Impairment of trade receivable	(1,962)	–	(1,962)	(2,234)	–	(2,234)
Income tax expense	601	–	601	–	–	–
Interest expense	(4,471)	1	(4,470)	(7,705)	–	(7,705)
Reportable segment assets	190,336	500,744	691,080	206,672	–	206,672
Additions to non-current segment assets during the year	83	–	83	13	–	13
Reportable segment liabilities	61,090	7,243	68,333	94,264	–	94,264
Deferred tax liabilities	8,087	–	8,087	–	–	–
Total liabilities	69,177	7,243	76,420	94,264	–	94,264

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

6. SEGMENT REPORTING (Continued)

(b) RECONCILIATIONS OF REPORTABLE SEGMENT REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES

	2010	2009
	RMB'000	RMB'000
		(restated)
Revenue		
Total reportable segments' revenue	**7,750**	17,254
Elimination of inter-segment revenue	**–**	–
Consolidated turnover	**7,750**	17,254
Profit/(loss)		
Reportable segments' profit/(loss)	**17,117**	(236,873)
Unallocated corporate income	**31**	60
Depreciation	**(323)**	(110)
Interest revenue	**1**	20
Finance costs	**(4,804)**	–
Unallocated corporate expenses	**(22,635)**	(8,529)
Consolidated loss before taxation	**(10,613)**	(245,432)
Assets		
Reportable segments' assets	**691,080**	206,672
Unallocated		
– corporate assets	**75,476**	5,767
Consolidated total assets	**766,556**	212,439
Liabilities		
Reportable segments' liabilities		
– current tax liabilities	**(76,420)**	(94,264)
– corporate liabilities	**(71,917)**	(638)
Consolidated total liabilities	**(148,337)**	(94,902)

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

6. SEGMENT REPORTING (Continued)

(c) REVENUE FROM MAJOR PRODUCT AND SERVICES

The following is an analysis of the Group's revenue from its major products and services:

	2010 RMB'000	2009 RMB'000 (restated)
Properties investment	**7,750**	17,254
	7,750	17,254

(d) GEOGRAPHICAL INFORMATION

The following is an analysis of geographical location of (i) the group's revenue from external customers and (ii) the group's non-current assets. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The group's non-current assets include property, plant and equipment, investment properties and intangible assets. The geographical location of property, plant and equipment and investment properties are based on the physical location of the assets. In the case of intangible assets, it is based on the location of operation to which the intangible is allocated.

	Revenue from external customers		Non-current assets	
	2010 **RMB'000**	2009 RMB'000 (restated)	**2010** **RMB'000**	2009 RMB'000 (restated)
Hong Kong (place of domicile)	**–**	–	**1,780**	262
PRC	**7,750**	17,254	**687,446**	202,413
	7,750	17,254	**689,226**	202,675

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

6. SEGMENT REPORTING (Continued)

(e) INFORMATION ABOUT MAJOR CUSTOMERS

Revenues from customers contributed 10% or more of the total revenue of the group are as follows:

	Year ended	
	31/3/2010	31/3/2009
	RMB'000	RMB'000
		(restated)
Customer A – revenue from properties investment – PRC	**5,223**	5,500
Customer B – revenue from properties investment – PRC	**–**	4,626
Customer C – revenue from properties investment – PRC	**1,309**	–
Customer D – revenue from properties investment – PRC	**934**	–
	7,466	10,126

7. TURNOVER

The principal activities of the group are properties investment and mining.

Turnover represents rental income from operating leases and property management services income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2010	2009
	RMB'000	RMB'000
		(restated)
Rental income from operating lease	**7,750**	14,353
Property management service income	**–**	2,901
	7,750	17,254

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

8. OTHER REVENUE AND OTHER NET INCOME

		2010 RMB'000	2009 RMB'000 (restated)
a)	**Other revenue**		
	Interest income on bank deposits	**18**	928
	Total interest income on financial assets not at fair value through profit or loss	**18**	928
	Sundry income	**26**	1,064
		44	1,992
b)	**Other net income**		
	Gain arising on change in fair value of trading securities	**28**	–
	Gain on disposal of property, plant and equipment	**8**	–
	Government subsidy*	**681**	–
	Reversal of impairment of trade receivables	**1,472**	–
		2,189	–
		2,233	1,992

* Subsidy income mainly relates to cash subsidies in respect of property industry from government which is unconditional grants.

9. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting) the following:

		2010 RMB'000	2009 RMB'000 (restated)
a)	**Finance costs**		
	Interest on convertible bonds	**4,804**	–
	Interest expenses on bank borrowings, overdrafts and other loans wholly repayable within five years	**–**	–
	Interest expenses on bank borrowings repayable after five years	**4,470**	7,705
	Total interest expense on financial liabilities not at fair value through profit or loss	**9,274**	7,705

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

9. LOSS BEFORE TAXATION (Continued)

		2010 RMB'000	2009 RMB'000 (restated)
b)	**Staff costs**		
	Salaries, wages and other benefits	**5,118**	5,635
	Contributions to defined contribution retirement plans	**566**	352
		5,684	5,987
c)	**Other items**		
	Auditor's remuneration		
	– audit services	**783**	471
	– other services	**1,352**	312
	Depreciation	**810**	351
	Gross rental income from investment properties less direct outgoings of RMB4,370,000 (2009:RMB3,875,000)	**3,380**	10,478
	Operating lease charges: minimum lease payments	**2,351**	1,670
d)	**Other operating expenses**		
	Loss on disposal of investment properties	**7,908**	–
	Impairment of trade receivables	**1,962**	2,234
	Loss arising on change in fair value of trading securities	**–**	87
	Write off of deposits on purchase of investment property*	**–**	14,939
	Loss arising on change in fair value of convertible bonds	**6,132**	–
	Others	**3**	–
		16,005	17,260

* This amount represents the deposits on purchase of investment property in previous year and the amount included in trade and other receivables in previous year. In the opinion of the directors, the recoverability of the amount is low, and therefore, the directors decided to write off whole amount of deposits on purchase of investment property in year 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

10. DIRECTORS' REMUNERATION

The aggregate amounts of the directors' remuneration, disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance, are as follows:

	2010					
	Fees	Salaries and other benefits in kind	Retirement scheme contribution	Sub-total	Share-based payments (note)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Yu Wai Fong	–	1,203	11	1,214	–	1,214
Au Tat On	–	234	11	245	–	245
	–	1,437	22	1,459	–	1,459
Independent non-executive directors						
Wang Dong (resigned on 4 May 2009)	7	–	–	7	–	7
Lam Man Yui	107	–	–	107	–	107
Lai Wai Yin, Wilson (appointed on 1 April 2009)**	107	–	–	107	–	107
Cao Jie Min (appointed on 4 May 2009)**	98	–	–	98	–	98
	319	–	–	319	–	319
Total	319	1,437	22	1,778	–	1,778

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

10. DIRECTORS' REMUNERATION (Continued)

	2009					
	Fees RMB'000 (restated)	Salaries and other benefits in kind RMB'000 (restated)	Retirement scheme contribution RMB'000 (restated)	Sub-total RMB'000 (restated)	Share-based payments (note) RMB'000 (restated)	Total RMB'000 (restated)
Executive directors						
Yu Wai Fong (appointed on 2 March 2009)	–	94	1	95	–	95
Zhao Qing Ji (resigned on 2 March 2009)*	–	1,125	10	1,135	–	1,135
Au Tat On	–	229	11	240	–	240
	–	1,448	22	1,470	–	1,470
Independent non-executive directors						
Chan Mei Bo (resigned on 1 April 2009)	106	–	–	106	–	106
Wang Dong (resigned on 4 May 2009)	88	–	–	88	–	88
Yeung Yuen Hei (resigned on 21 January 2009)	42	–	–	42	–	42
Lam Man Yui (appointed on 21 January 2009)	21	–	–	21	–	21
	257	–	–	257	–	257
Total	257	1,448	22	1,727	–	1,727

Note:

These represent the estimated fair value of share options granted to the directors under the company's share option scheme. The value of these share options is measured according to the group's accounting policies for share-based payment transactions as set out in note 2(t)(ii).

* The options to subscribe 55,890,000 shares granted to Mr. Zhao Qing Ji were forfeited as he resigned as director of the company on 2 March 2009. The fair value of the options granted to him amounting to RMB12,948,000 was transferred from employee share-based compensation reserve to accumulated losses.

** Lai Wai Yin and Cao Jie Min were appointed to be independent non-executive director on 1 April 2009 and 4 May 2009 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the group, two (2009: three) are directors of the company whose emoluments are included in the disclosure in note 10 above. The emoluments of the remaining three (2009: two) individuals are as follows:

	2010 RMB'000	2009 RMB'000 (restated)
Salaries, allowances and benefits in kind	994	679
Retirement scheme contributions	43	22
	1,037	701

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

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

12. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(A) INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT REPRESENTS:

	The group	
	2010 RMB'000	2009 RMB'000 (restated)
Current tax		
Hong Kong profits tax	–	–
Overseas tax calculated at rates prevailing in respective jurisdictions (note)	601	–
	601	–
Deferred tax (note 25(b))		
Origination and reversal of temporary differences	8,087	(54,487)
Tax charge/ (tax credit)	8,688	(54,487)

Note: The oversea tax charge for the year ended 31 March 2010 mainly includes the Land Appreciation Tax of RMB601,000 (2009: Nil) arising from disposal of the investment properties in PRC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

12. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

(A) INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT REPRESENTS: (Continued)

No provision for Hong Kong profits tax has been made for the year as the group had no estimated assessable profits for the year (2009: Nil).

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profit for the year.

The PRC enterprise income tax (the "EIT") for the year ended 31 March 2010 is 25% (2009: 25%). The EIT has not been provided for as the group has incurred a loss for the year.

Taxation arising in other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the new PRC Corporate Income Tax Law which took effect from 1 January 2008, 10% withholding tax was levied on dividends declared to foreign enterprise investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign enterprise investors.

On 22 February 2008, Caishui 2008 No.1 was promulgated by the PRC tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 determined based on the relevant PRC tax law and regulations are exempted from the withholding tax.

No deferred tax liabilities have been recognised as the company controls the dividend policy of these subsidiaries and it has been determined that it is probable that certain of the profits earned by the group's PRC subsidiaries for the year from 1 April 2009 to 31 March 2010 will not be distributed in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

12. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

(B) RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING LOSS AT APPLICABLE TAX RATE:

	2010	2009
	RMB'000	RMB'000
		(restated)
Loss before taxation	**(10,613)**	(245,432)
Notional tax on loss before taxation, calculated at the tax rate applicable to loss in the jurisdictions concerned	**(448)**	(60,631)
Tax effect of non-taxable income	**(1)**	(2,318)
Tax effect of non-deductible expenses	**796**	4,396
Tax effect of deductible temporary differences not recognised	**(223)**	–
Tax effect on Land Appreciation Tax in PRC	**601**	–
Tax effect of unused tax losses not recognised	**7,963**	4,066
Tax charge/(tax credit)	**8,688**	(54,487)

13. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the company includes a loss of approximately RMB22,496,000 (2009: loss of RMB96,628,000) which has been dealt with in the financial statements of the company.

14. DIVIDENDS

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

15. LOSS PER SHARE

A) BASIC LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of RMB19,179,000 (2009: RMB190,945,000) and on the weighted average number of 627,135,000 ordinary shares in issue during the year (2009: 352,740,000).

Weighted average number of ordinary shares:

	2010 Weighted average number of ordinary shares '000	2009 Weighted average number of ordinary shares '000
Issued ordinary shares at 1 April	**1,763,698**	1,763,698
Effect of issue of new shares in placement (note 27(ii) (iii))	**607,341**	–
Effect of issue of new shares upon conversion of convertible bonds (note 27(iv))	**764,639**	–
Effect of five-for-one share consolidation*	**(2,508,543)**	(1,410,958)
Weighted average number of ordinary shares at 31 March	**627,135**	352,740

* The weighted average number of ordinary shares used in 2010 and 2009, for the purpose of calculating basic and diluted loss per share, has been retrospectively adjusted for the five-for-one share consolidation which took place on 12 July 2010.

B) DILUTED LOSS PER SHARE

Diluted loss per share is equal to the basic loss per share for the years ended 31 March 2010 and 2009 because the outstanding convertible bonds and share option had an anti-dilutive effect on the basis loss per share for the year ended 31 March 2010 and 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

16. PROPERTY, PLANT AND EQUIPMENT

The group

	Leasehold improvements RMB'000	Furniture and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost				
At 1 April 2008 (restated)	34	624	1,443	2,101
Additions (restated)	–	12	–	12
Exchange realignment (restated)	(1)	(5)	(7)	(13)
At 31 March 2009 (restated)	33	631	1,436	2,100
At 1 April 2009	33	631	1,436	2,100
Additions	–	83	3,234	3,317
Addition upon acquisition of subsidiaries	–	222	–	222
Disposal	–	–	(102)	(102)
Exchange realignment	–	2	2	4
At 31 March 2010	33	938	4,570	5,541
Accumulated depreciation				
At 1 April 2008 (restated)	(2)	(299)	(458)	(759)
Charge for the year (restated)	(1)	(92)	(258)	(351)
Exchange realignment (restated)	–	4	3	7
At 31 March 2009 (restated)	(3)	(387)	(713)	(1,103)
At 1 April 2009	(3)	(387)	(713)	(1,103)
Charge for the year	(1)	(184)	(625)	(810)
Disposal	–	–	85	85
Exchange realignment	–	(1)	(1)	(2)
At 31 March 2010	(4)	(572)	(1,254)	(1,830)
Carrying amount				
At 31 March 2010	29	366	3,316	3,711
At 31 March 2009	30	244	723	997

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The company

	Furniture and equipment RMB'000 (restated)
Cost	
At 1 April 2008	125
Exchange realignment	(2)
At 31 March 2009	123
At 1 April 2009	123
Exchange realignment	1
At 31 March 2010	124
Accumulated depreciation	
At 1 April 2008	(124)
Charge for the year	(1)
Exchange realignment	2
At 31 March 2009	(123)
At 1 April 2009	(123)
Charge for the year	–
Exchange realignment	(1)
At 31 March 2010	(124)
Carrying amount	
At 31 March 2010	–
At 31 March 2009	–

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

17. INVESTMENT PROPERTIES

The group

	RMB'000
Valuation:	
At 1 April 2008 (restated)	423,659
Deficit on revaluation (restated)	(221,981)
At 31 March 2009 (note a) (restated)	201,678
At 1 April 2009 (restated)	201,678
Disposal (note b)	(47,908)
Surplus on revaluation	32,347
At 31 March 2010 (note a)	186,117

All of the group's investment properties are situated in PRC and held under medium-term leases.

(a) All of the group's investment properties were revalued on 31 March 2009 and 31 March 2010 by Castores Magi (Hong Kong) Limited, an independent professional valuer, who has a recognised and relevant professional qualification and recent experience in the locations and category of property being revalued at 31 March 2010 on an open market basis. The investment properties are leased to third parties under operating leases, further details of which are included in note 31(ii) to the financial statements.

The group's investment properties with a total carrying amount of RMB144,601,490 at 31 March 2010 (2009: RMB201,678,000) have been pledged to secure general banking facilities granted to the group (note 24).

b) On 22 June 2009, a subsidiary of the company entered into a sale and purchase agreement with certain independent third parties for the disposal of an investment property for an aggregate cash consideration of RMB40,000,000.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

18. INTEREST IN SUBSIDIARIES

	The company	
	2010	2009
	RMB'000	RMB'000
		(restated)
Unlisted shares, at cost	**346,741**	130,525
De-registration of a subsidiary	**–**	(32,009)
	346,741	98,516
Less: Impairment losses		
At 1 April	**–**	32,009
De-registration of a subsidiary	**–**	(32,009)
At 31 March	**–**	–
Unlisted shares, at cost (net)	**346,741**	98,516
Amount due from subsidiaries	**126,076**	118,634
Less: Impairment losses		
At 1 April	**91,520**	1,323
Impairment loss recognised	**–**	91,520
De-registration of subsidiaries	**–**	(1,323)
Exchange realignment	**520**	–
At 31 March	**92,040**	91,520
Due from subsidiaries	**34,036**	27,114
	380,777	125,630

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

18. INTEREST IN SUBSIDIARIES (Continued)

The amounts due from subsidiaries are unsecured, interest-free and are not expected to be recovered within one year. In the opinion of the company's directors, these advances are considered as quasi-equity loans to the subsidiaries. The carrying amounts of these amounts due from subsidiaries approximate to their fair value.

During the year ended 31 March 2009, the subsidiaries made further losses and an additional impairment of RMB91,520,000 was made. Investment cost of RMB32,009,000 and due from subsidiaries of RMB1,323,000 were impaired as these subsidiaries were in the poor financial position and were de-registered during the year ended 31 March 2009.

The following are the particulars of subsidiaries which principally affected the results, assets and liabilities of the group. The class of shares held are ordinary unless otherwise stated.

All these companies are controlled subsidiaries as defined under note 2(c) and have been consolidated into the group financial statements.

			Proportion of equity interest			
Name	**Place of establishment/ incorporation and operation**	**Particulars of registered capital/issued and paid up share capital**	**Group's effective interest**	**Held by the company**	**Held by a subsidiary**	**Principal activities**
Luck Grow Group Limited	The British Virgins Island	US$1	100%	100%	–	Investment holding
Lok Wing Group Limited ("Lok Wing")	Hong Kong	HK$50,000,000	100%	–	100%	Investment holding
Shanghai Xiang Chen Hang Place The Industry Co Ltd ("Shanghai Xiang Chen Hang") * (Note (i))	PRC	US$12,571,540 (Note ii)	100%	–	100%	Property investment
Main Pacific Group Limited ("Main Pacific") (Note (iii))	The British Virgins Island	US$1	100%	100%	–	Investment holding
Citigain Holdings Limited	Hong Kong	HK$1	100%	–	100%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

18. INTEREST IN SUBSIDIARIES (Continued)

Name	Place of establishment incorporation and operation	Particulars of Registered capital/issued and paid up share capital	Proportion of equity interest: Group's effective interest	Proportion of equity interest: Held by the company	Proportion of equity interest: Held by a subsidiary	Principal activities
鼎裕投資諮詢(深圳)有限公司 Dingyu Investment Consulting (Shenzhen) Company Limited (Note (i))	PRC	HK$1,000,000	100%	–	100%	Investment holding
上海卓衡實業有限公司 Shanghai Zhuoheng Shiye Company Limited (Note (i))	PRC	RMB500,000	100%	–	100%	Investment holding
克什克騰旗大地礦業有限責任公司 Keshi Ketengqi Great Land Mine Industries Company Limited (Note (vi))	PRC	RMB10,000,000	60%	–	60%	Mining
上海吉譯實業有限公司 Shanghai Jivi Shiye Company Limited (Note (vi))	PRC	RMB20,000,000	85%	–	85%	Investment holding
Allied China Development Limited ("Allied China") (Note (iv))	The British Virgins Island	US$1	100%	100%	–	Investment holding
Main Pacific Holdings Limited ("Main Pacific Holdings") (Note (v))	Hong Kong	HK$1	100%	–	100%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

18. INTEREST IN SUBSIDIARIES (Continued)

i) Registered under the laws of the PRC as a wholly-foreign-owned enterprise.

ii) The registered capital of Shanghai Xiang Chen Hang is US$17,000,000 of which US$12,571,540 has been paid up. According to《中華人民共和國外資企業法實施細則》(Rules for the Implementation of the Law of the People's Republic of China on Foreign-funded Enterprises), Lok Wing, the immediate parent of Shanghai Xiang Chen Hang, is required to settle all the outstanding amount (i.e., US$4,428,460) of capital on or before 29 August 2008, otherwise, the Certificate of Incorporation of Shanghai Xiang Chen Hang will become invalid with immediate effect.

On 24 November 2008, the board of directors passed a resolution relating to the reduction of the registered capital from US$17,000,000 to US$12,571,540. The application was submitted to Shanghai Municipal Commission of Commerce and the application was approved on 2 June 2009.

iii) On 4 June 2009, the company entered into a sale and purchase agreement with an independent third party, for the acquisition of the entire equity interest in Main Pacific Group Limited and its subsidiaries for a consideration of approximately RMB267 million (equivalent to HK$300 million) (Note 30).

iv) Allied China was newly formed on 2 July 2009 with a registered capital of US$50,000 of which US$1 was paid up during the year.

v) Main Pacific Holdings was acquired from Easytime Development Limited on 20 August 2009 for a consideration for HK$1. The registered capital of Main Pacific Holdings is HK$10,000 of which HK$1 was paid up during the year.

vi) Registered under the laws of the PRC as a limited liability company.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

19. INTANGIBLE ASSETS

	RMB'000
Cost	
Addition upon acquisition of subsidiaries (note 30)	499,398
At 31 March 2010	499,398
Carrying amount	
At 31 March 2010	499,398
At 31 March 2009	–

a) During the year, the group acquired the subsidiaries which hold the mining right granted by 赤峰市國土資源局 for the exploitation of copper and molybdenume in certain area in Inner Mongolia in the PRC with a carrying amount of RMB499,398,000 (note 30).

b) The mining right is stated at cost less accumulated amortisation and any impairment losses.

No amortisation was made during the year as the mine is in a development stage and no mining activities are conducted in the mine.

c) At 31 March 2010, the fair value of the mining right was RMB741,317,000, which is based on the valuation performed by Roma Appraisals Limited, an independent firm of professionally qualified valuers, using the discounted cash flow method under an income based approach. In the opinion of the company's directors, there was no impairment in the carrying amount of the mining right as at 31 March 2010.

d) The group's mining right at 31 March 2010 represent:

Mining right area	Location	Expiry date
永勝礦區	內蒙古自治區赤峰市克什克騰旗三義鄉永勝村經棚鎮	26 November 2011

e) As at 31 March 2010, the group's mining right for the exploitation of copper and molybclenum will expire in November 2011. The directors considered after having obtained the a PRC legal opinion that, in accordance with the relevant PRC laws and regulations, the group is entitled to renew the mining right when it expires. The directors are of the opinion that there is no circumstance which will preclude the group from obtaining a renewal of the mining right when it expires. Regarding the duration of the mining right, the PRC legal opinion indicated that there is no relevant stipulation under the PRC laws governing the interpretation of the duration.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

20. TRADE AND OTHER RECEIVABLES

	The group		The company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(restated)		(restated)
Trade receivables	**4,120**	5,178	**–**	–
Less: allowance for impairment of doubtful debts	**(2,724)**	(2,234)	**–**	–
Trade receivables (net)	**1,396**	2,944	**–**	–
Other receivables	**1,060**	–	**–**	–
Loans and receivables	**2,456**	2,944	**–**	–
Prepayments and deposits	**978**	1,104	**243**	148
	3,434	4,048	**243**	148

All of the trade and other receivables are expected to be recovered within one year.

A) AGEING ANALYSIS

Trade receivables are net of allowance for impairment for doubtful debts of RMB2,724,000 (2009: RMB2,234,000) with the following ageing analysis presented based on invoice date at the end of the reporting period;

	The group	
	2010	2009
	RMB'000	RMB'000
		(restated)
Current	**–**	–
1 to 3 months overdue	**1,396**	2,571
More than 3 months overdue but less than 12 months overdue	**–**	373
	1,396	2,944

Trade receivables immediately due upon of billing. Further details on the group's credit policy are set out in note 4.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

20. TRADE AND OTHER RECEIVABLES (Continued)

B) IMPAIRMENT OF TRADE RECEIVABLES

Impairment losses in respect of trade receivables are recorded using an allowance account unless the group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movements in the allowance for doubtful debts

	The group	
	2010	2009
	RMB'000	RMB'000
		(restated)
At 1 April	**2,234**	–
Impairment loss recognised (Note 1)	**1,962**	2,234
Impairment loss reversed (Note 2)	**(1,472)**	–
At 31 March	**2,724**	2,234

Note:

1) As at 31 March 2010, trade receivables of the group amounting to approximately RMB1,962,000 (2009: RMB2,234,000) were individually determined to be impaired and full allowance for impairment loss had been made. These individually impaired receivables were outstanding for over 180 days at the end of the reporting period and the management considered the recoverability of these amount is low. The group did not hold any collateral over these balances.

2) The group succeeded in recovering the long-outstanding debts that were considered to be impaired in previous years.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

20. TRADE AND OTHER RECEIVABLES (Continued)

C) TRADE RECEIVABLES THAT ARE NOT IMPAIRED

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

	The group	
	2010	2009
	RMB'000	RMB'000
		(restated)
Neither past due nor impaired	**–**	–
Past due but not impaired		
– Within 3 months past due	**1,396**	2,571
– More than 3 months but less than 12 months past due	**–**	373
	1,396	2,944

Receivables that were past due but not impaired relate to a number of independent tenants that have a good track record of settlement with the group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in their credit quality and the balances are still considered fully recoverable. The group holds rental deposits of RMB1,542,000 (2009: RMB2,078,000) as collateral over these balances.

21. TRADING SECURITIES

	The group and the company	
	2010	2009
	RMB'000	RMB'000
		(restated)
Listed equity securities, at market value in Hong Kong	**112**	85

The fair value of listed equity securities is based on their closing bid prices at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

22. CASH AND CASH EQUIVALENTS

	The group		The company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(restated)		(restated)
Cash at bank and on hand	**73,784**	5,631	**72,887**	4,855
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**73,784**	5,631	**72,887**	4,855

Deposits with banks carry interest at market rates which ranging from 0.01% to 0.36% (2009: 0.01 % to 0.36%) per annum

23. OTHER PAYABLES

	The group		The company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(restated)		(restated)
Other payables	**5,767**	1,142	**5,483**	632
Rental deposit receipt in advance	**1,542**	2,078	**–**	–
Accruals	**5,462**	582	**–**	–
Amount due to a related party (Note 1)	**1,418**	600	**–**	–
Amount due to minority Interest (Note 1)	**1,133**	–	**–**	–
Financial liabilities measured at amortised cost	**15,322**	4,402	**5,483**	632

Note:

1) All of the other payables (including amount due to a related party and amount due to minority interest) are expected to be settled or recognized as income within one year or are repayable on demand.

2) The amounts are unsecured, interest-free and repayable within one year.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

24. INTEREST BEARING BANK BORROWINGS

At 31 March 2010, the secured bank borrowings were repayable as follows:

	The group	
	2010	2009
	RMB'000	RMB'000
		(restated)
Within 1 year or on demand	**3,000**	12,000
After 1 year but within 2 years	**3,500**	6,000
After 2 years but within 5 years	**13,500**	27,500
After 5 years	**38,500**	45,000
	55,500	78,500
Total	**58,500**	90,500

All of the non-current interest bearing bank borrowings are carried at amortised cost. None of the non-current interest bearing bank borrowings is expected to be settled within one year.

The range of effective interest-rates (which equals to contracted interest rates) on the group's bank borrowings is as follows:

	2010	2009
Effective interest rates:		
Fixed-rate borrowings	**6.534%**	6.534%
Variable-rate borrowings	**–**	–

i) At 31 March 2010, the bank borrowings were secured by the investment properties of the group with a total carrying amount of RMB144,601,490 (2009: RMB201,678,400) (see note 17).

ii) During the year ended 31 March 2009, the Bank of Shanghai recalled the loan of approximately RMB10,000,000 before the expire date, as the group failed to fulfill the requirement to paid-up capital of a subsidiary in Shanghai as the injection of share capital by ultimate holding parent company was delayed.

After negotiation with the Bank of Shanghai, the company paid approximately RMB3,000,000 on the loan. The bank retains the right to call up the remaining balance of RMB7,000,000 at any time. Therefore, the balance is reclassified as a current liability.

iii) On 8 June 2009, the Bank of Shanghai amended the terms of the outstanding bank loan. The subsidiary repaid part of the outstanding bank loan of RMB32,000,000 by the proceeds from the disposal of investment property and procured the release of the mortgage upon the completion of the disposal of investment property. The property was therefore sold free from encumbrances and the disposal took place on 22 June 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

A) CURRENT TAXATION IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION REPRESENTS:

	2010	2009
	RMB'000	RMB'000
		(restated)
Provision for Hong Kong profits tax	**–**	–
Provision for PRC enterprise income tax	**–**	–
	–	–

B) DEFERRED TAX ASSETS/(LIABILITIES) RECOGNISED

The Group

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	**Revaluation of investment properties**	**Total**
	RMB'000	RMB'000
At 1 April 2008 (restated)	54,487*	54,487
Deferred tax reversed in profit or loss (restated)	(54,487)	(54,487)
At 31 March 2009 (restated)	–	–
At 1 April 2009	–	–
Deferred tax charged to profit or loss	8,087	8,087
At 31 March 2010	8,087	8,087

* The amount represented the reversal of deferred tax liabilities as a result of the fair value adjustments on investment properties during the year ended 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

C) DEFERRED TAX ASSETS NOT RECOGNISED

At the end of the reporting period the group has unused tax losses arising in Hong Kong of HK$29,869,273 (2009: HK$29,869,273) that are available for offsetting against future taxable profits of the companies incurring the losses. Deferred tax assets have not been recognised in respect of tax losses due to the unpredictability of future profits streams.

In addition, the group has unused tax losses of RMB15,831,844 (2009: RMB8,568,251) available for offset against future profits that may be carried forward for five years for PRC Enterprise Income tax purposes. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

No deferred tax liabilities for withholding tax have been recognised as the group's PRC subsidiaries incurred loss for the period from 1 January 2008 to 31 March 2010.

26. CONVERTIBLE BONDS

I) 3% COUPON BONDS

On 27 July 2009, the company issued convertible bonds with an aggregate principal amount of HK$260,000,000 (equivalent to approximately RMB231,140,000) which bears interest at 3% per annum payable annually in arrear. The bondholder has the option to convert the bonds into fully paid shares at HK$0.2 per share at any time within three years from the date of issue. Apart from the adjustments upon occurrence of the adjustment events, the conversion price of the convertible bonds can be reset (if necessary) 12 times (i.e. on the last business day of each month) in each calendar year before the date of its maturity in the event that the average closing price of the shares as quoted on the Stock Exchange for the last three consecutive trading days up to and including the Reset Date (the "Reset Price") is lower than the conversion price of the convertible bonds. When such situation takes place, the conversion price of the convertible bonds will be adjusted downwards to the Reset Price with effect from the next trading day, and in any case the reset conversion price should not be less than the par value of the share of HK$0.01 each.

The company redeemed partly of the convertible bonds amounting to HKD36,000,000 (equivalent to approximately RMB 32,004,000) during the year. The bondholder converted bonds amounting to HKD61,000,000 (equivalent to approximately RMB54,229,000) and HK$85,000,000 (equivalent to approximately RMB75,565,000) on 4 August 2009 and 9 September 2009 at the conversion price of HKD0.121 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

26. CONVERTIBLE BONDS (Continued)

I) 3% COUPON BONDS (Continued)

The average closing price of the shares of the company for the last three consecutive trading days of July 2009 was HK$0.121 per share, which was lower than the initial conversion price of HK$0.20. Therefore, the conversion price of the convertible bonds was reset to HK$0.121 per share with effect from 3 August 2009.

The average closing price of the shares of the company for the last three consecutive trading days of November 2009 was HK$0.115, which was lower than the reset price of HK$0.121 with effect from 3 August 2009. Therefore, the conversion price of the convertible bonds was reset to HK$0.115 per share with effect from 30 November 2009.

The average closing price of the shares of the company for the last three consecutive trading days of December 2009 was HK$0.081, which was lower than the reset price of HK$0.115 with effect from 30 November 2009. Therefore, the conversion price of the convertible bonds was reset to HK$0.081 per share with effect from 4 January 2010.

The company may at any time before the maturity date with the consent of the holders of the convertible bonds redeem in whole or in part the convertible bonds. Unless previously converted, purchased or cancelled, the company shall pay the outstanding principal amount under the convertible bonds by cash on the date of maturity of the convertible bonds.

II) ZERO COUPON BONDS

On 15 August 2009, the company entered into a placing agreement (the "Placing Agreement") with Cheong Lee Securities Limited (the "Placing Agent") pursuant to which the Placing Agent has conditionally agreed to procure the independent placees to subscribe in cash for the 2-year zero coupon convertible redeemable bonds in the maximum principal amount of HK$600,000,000 (equivalent to approximately RMB533,400,000) (the "zero coupon convertible bonds"). The Placing Agreement was approved by the shareholders of the company by way of poll at the special general meeting held on 21 September 2009.

On 10 February 2010, the Placing Agent has procured two placees to enter into agreements with the company to subscribe for two tranches of the zero coupon convertible bonds in the aggregate principal amounts of HK$10,620,000 (equivalent to approximately RMB9,428,000) per tranche. The subscription agreement for the two tranches bond was entered into between the two places and the company on 10 February 2010.

On 9 March 2010, the Placing Agent has procured six additional placees to enter into agreements with the company to subscribe for six tranches of the zero coupon convertible bonds in the aggregate principal amounts of HK$10,620,000 (equivalent to approximately RMB9,428,000) per tranche. Each of the subscription agreements for six placees were entered into between the Company and the respective placees on 9 March 2010.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

26. CONVERTIBLE BONDS (Continued)

II) ZERO COUPON BONDS (Continued)

As at 31 March 2010, the placing of eight tranches of the zero coupon convertible bonds had been completed for an aggregate principal amount of HK$84,960,000 (equivalent to approximately RMB75,190,000). Based on the conversion price of HK$0.118 per conversion share, a maximum number of 720,000,000 conversion shares had been allotted and issued upon exercise of the conversion rights attached to the eight tranches of zero coupon convertible bonds. After completion of the placement of the said eight tranches in February and March 2010, zero coupon convertible bonds up to an aggregate principal amount of HK$515,040,000 have not been placed.

The date of fulfillment of the conditions precedent under the Placing Agreement was 20 March 2010, being 180 days after the date of the special general meeting (or such other time and date as the Placing Agent and the Company shall agree in writing). On 10 March 2010, the Placing Agent and the company mutually agreed in writing that the fulfillment date of the Placing Agreement would be extended to 20 June 2010.

On 19 June 2010, the Placing Agent and the company signed a letter of confirmation and agreed that, subject to shareholders' approval in a special general meeting of the shareholders, the fulfillment date will be further extended to 20 December 2010.

The carrying amount of convertible bonds were as follows:

	3% coupon bonds (note i)	Zero coupon bonds (note ii)	Total
	RMB'000	RMB'000	RMB'000
At 31 March 2010	66,428	–	66,428

Convertible bonds of the company consisted of the liability component and embedded derivatives, (such as embedded conversion option, and early redemption option). The group elected to designate its convertible bonds with embedded derivatives as financial liabilities at fair value through profit or loss on initial recognition. As at 31 March 2010, the entire convertible bonds were measured at fair value. The valuation was performed by Castores Magi (Hong Kong) Limited, an independent professional valuer, who has a recognised and relevant professional qualification.

The fair value of the convertible bonds was determined based on discounted cash flow calculation. The change in the fair value of convertible bonds was affected by the market interest rate, credit spread of the group and the time to maturity.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

27. SHARE CAPITAL

	At 31 March 2010		At 31 March 2009	
	No. of shares '000	**Amount RMB'000**	No. of shares '000	Amount RMB'000 (restated)
Authorised				
Ordinary shares of HK0.01 each				
Beginning of year	**3,500,000**	**31,346**	3,500,000	31,346
Increase during the year (note i)	**26,500,000**	**235,650**	–	–
At the end of year	**30,000,000**	**266,996**	3,500,000	31,346

	At 31 March 2010		At 31 March 2009	
	No. of shares '000	**Amount RMB'000**	No. of shares '000	Amount RMB'000 (restated)
Issued and fully paid				
At the beginning of year	**1,763,698**	**15,796**	1,763,698	15,796
Placing and subscription of new shares (note ii)	**350,000**	**3,109**		–
Placing and subscription of new shares (note iii)	**412,600**	**3,670**		–
Placing and subscription of new shares (note iv)	**90,000**	**796**		–
Conversion of convertible bonds (note v)	**1,926,611**	**17,035**		–
At the end of year	**4,452,909**	**40,406**	1,763,698	15,796

i) By an ordinary resolution passed at a special general meeting held on 16 July 2009, the company's authorised share capital was increased to HK$300,000,000 (equivalent to approximately RMB266,996,000) by the creation of an additional 26,500,000,000 ordinary shares of HK$0.01 each.

ii) On 22 May 2009, Ms. Yu Wai Fong ("Ms. Yu"), the company and Get Nice Securities Limited (the "Placing Agent") entered into a placing and subscription agreement pursuant to which the Placing Agent agreed to place 350,000,000 placing shares at the placing price of HK$0.133 per placing share to not less than six independent placees. In addition, Ms. Yu also agreed to subscribe for and the company agreed to issue a total of 350,000,000 subscription shares at a price of HK$0.133 per subscription share. The net proceeds of the share subscription, after reduction of the relevant expenses, are approximately HK$45,100,000 (equivalent to approximately (RMB40,168,000). The net proceeds was used for general working capital and/or finance possible acquisition of mine.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

27. SHARE CAPITAL (Continued)

iii) On 6 July 2009, Ms. Yu, the company and the placing agent entered into a placing and subscription agreement pursuant to which the placing agent agreed to place 412,600,000 placing shares at the placing price of HK$0.09 per placing share to not less than six independent placees. In addition, Ms. Yu also agreed to subscribe for and the company agreed to issue a total of 412,600,000 subscription shares at a price of HK$0.09 per subscription share. The net proceeds of the share subscription, after deduction of the relevant expenses, are approximately HK$36,072,000 (equivalent to approximately RMB32,082,000). The net proceeds was used for general working capital and to repay debt liabilities of the group.

iv) On 26 March 2010, the company and the placing agent entered into a placing and subscription agreement pursuant to which the placing agent agreed to place 90,000,000 placing shares at the price of HK$0.084 per placing share. The net proceeds of the share subscription, after deduction of the relevant expenses are approximately HK$7,333,000 (equivalent to approximately RMB6,490,000). The net proceeds was used for the possible acquisition and general working capital.

v) During the year ended 31 March 2010, 1,206,611,570 and 720,000,000 ordinary shares of HK$0.01 each were issued pursuant to the exercise of the conversion rights attaching to the Company's convertible bonds at a conversion price of HK$0.121 per share and HK$0.118 per shares respectively.

28. SHARE OPTION SCHEME

The company has a share option scheme which was adopted on 4 October 2002 whereby the directors of the company are authorised, at their discretion, to invite the company's directors (including independent non-executive directors), other employees of the group, suppliers of goods or services to the group, customers of the group, persons or entities that provided research, development or other technological support to the group and any minority shareholder in the company's subsidiaries, to take up options at a nominal consideration to subscribe for shares of the company. The exercise price of options is the highest of the nominal value of the shares, the closing price of the shares on the SEHK on the date of grant and the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The options vest immediately from the date of grant. The options are exercisable after the vesting date but within a period from 28 November 2007 to 3 October 2012 from the date of grant. The options give the holder the right to subscribe for ordinary shares in the company.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

28. SHARE OPTION SCHEME (Continued)

A) THE TERMS AND CONDITIONS OF THE GRANTS THAT EXISTED DURING THE YEARS ARE AS FOLLOWS:

Date of grant	Exercisable period	Exercise price	Number of instruments
i) Options granted to directors			
30 October 2002	30 October 2002 to 29 October 2010	HK$0.01	214,850,000
28 November 2007	28 November 2007 to 3 October 2012	HK$0.60	91,160,000
			306,010,000
ii) Options grant to employees			
30 October 2002	30 October 2002 to 29 October 2012	HK$0.01	103,500,000
28 November 2007	28 November 2007 to 3 October 2010	HK$0.60	141,080,000
			244,580,000
			550,590,000

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

28. SHARE OPTION SCHEME (Continued)

A) THE TERMS AND CONDITIONS OF THE GRANTS THAT EXISTED DURING THE YEARS ARE AS FOLLOWS: (Continued)

For the year ended 31 March 2010

		Number of shares issuable under options							
Name or category of participant	Outstanding at 1 April 2009	Granted during the year	Exercise during the year	Forfeited during the year	Expired during the year	Outstanding at 31 March 2010	Date of grant of share options*	Exercisable period of share options	Exercisable price of share options** HK$
Directors									
Ms. Yu Wai Fong	17,635,000	–	–	–	–	17,635,000	28-11-2007	28-11-2007 to 03-10-2012	0.6
Mr. Au Tat On	17,635,000	–	–	–	–	17,635,000	28-11-2007	28-11-2007 to 03-10-2012	0.6
	35,270,000	–	–	–	–	35,270,000			
Employees									
Other employees	105,810,000	–	–	(70,540,000)	–	35,270,000	28-11-2007	28-11-2007 to 03-10-2012	0.6
	105,810,000		–	(70,540,000)	–	35,270,000			
Total shares issued under options	141,080,000	–	–	(70,540,000)	–	70,540,000			

* The share options vested immediately from the date of grant.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other relevant changes in the company's share capital.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

28. SHARE OPTION SCHEME (Continued)

A) THE TERMS AND CONDITIONS OF THE GRANTS THAT EXISTED DURING THE YEARS ARE AS FOLLOWS: (Continued)

		Number of shares issuable under options							
Name or category of participant	Outstanding at 1 April 2008	Granted during the year	Exercise during the year	Forfeited during the year	Expired during the year	Outstanding at 31 March 2009	Date of grant of share options*	Exercisable period of share options	Exercise price of share options** HK$
Directors									
Mr. Zhao Qing Ji (resigned on 2 March 2009)	55,890,000	–	–	(55,890,000)	–	–	28-11-2007	28-11-2007 to 03-10-2012	0.6
Ms. Yu Wai Fong	17,635,000	–	–	–	–	17,635,000	28-11-2007	28-11-2007 to 03-10-2012	0.6
Mr. Au Tat On	17,635,000	–	–	–	–	17,635,000	28-11-2007	28-10-2007 to 03-10-2012	0.6
	91,160,000	–	–	(55,890,000)	–	35,270,000			
Employees									
Other employees	105,810,000	–	–	–	–	105,810,000	28-11-2007	28-11-2007 to 03-10-2012	0.6
	105,810,000	–	–	–	–	105,810,000			
Total shares issuable under options	196,970,000	–	–	(55,890,000)	–	141,080,000			

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

28. SHARE OPTION SCHEME (Continued)

B) THE NUMBER AND WEIGHTED AVERAGE EXERCISE PRICE OF SHARE OPTIONS ARE AS FOLLOWS:

	2010		2009	
	Weighted average exercise price HK$	**Number of shares issuable under options**	Weighted average exercise price HK$	Number of shares issuable under options
Outstanding at 1 April	**0.6**	**141,080,000**	0.6	196,970,000
Forfeited during the year	**0.6**	**(70,540,000)**	0.6	(55,890,000)
Outstanding at 31 March	**0.6**	**70,540,000**	0.6	141,080,000
Issuable at the end of the year	**0.6**	**70,540,000**	0.6	141,080,000

The weighted average share price at the date of exercise of share options during the year was HK$Nil (2009 HK$Nil) since no share options was exercised during the year.

The options outstanding at 31 March 2010 had an exercise price of HK$0.6 (2009: HK$0.6) per share and a weighted average remaining contractual life of 2.9 years (2009: 3.9 years).

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

29. RESERVES

A) THE GROUP

	Share premium	Special reserve	Contributed surplus reserve	Employee share-based compensation reserve	Exchange fluctuation reserve	(Accumulated losses)/ retained profits	Total	Minority interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2008	206,307	(9,988)	18,689	46,441	28,673	713	290,835	–	290,835
Options forfeited during the year	–	–	–	(13,177)	–	13,177	–	–	–
Total comprehensive loss for the year	–	–	–	–	1,851	(190,945)	(189,094)	–	(189,094)
At 31 March 2009	206,307	(9,988)	18,689	33,264	30,524	(177,055)	101,741	–	101,741
At 1 April 2009	206,307	(9,988)	18,689	33,264	30,524	(177,055)	101,741	–	101,741
Acquisition of subsidiaries	–	–	–	–	–	–	–	245,595	245,595
Options forfeited during the year	–	–	–	(16,632)	–	16,632	–	–	–
Placing and subscription of new shares	73,493	–	–	–	–	–	73,493	–	73,493
Share issue expenses	(2,328)	–	–	–	–	–	(2,328)	–	(2,328)
Conversion of convertible bonds	177,468	–	–	–	–	–	177,468	–	177,468
Total comprehensive income/(loss) for the year	–	–	–	–	1,145	(19,179)	(18,034)	(122)	(18,156)
At 31 March 2010	454,940	(9,988)	18,689	16,632	31,669	(179,602)	332,340	245,473	577,813

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

29. RESERVES (Continued)

B) THE COMPANY

	Share premium	Contributed surplus reserve	Employee share-based compensation reserve	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2008 (restated)	206,307	18,689	46,441	–	(62,323)	209,114
Options forfeited during the year (restated)	–	–	(13,177)	–	13,177	–
Total comprehensive loss for the year (restated)	–	–	–	1,804	(96,628)	(94,824)
At 31 March 2009 (restated)	206,307	18,689	33,264	1,804	(145,774)	114,290
At 1 April 2009 (restated)	206,307	18,689	33,264	1,804	(145,774)	114,290
Options forfeited during the year	–	–	(16,632)	–	16,632	–
Placing and subscription of new shares	73,493	–	–	–	–	73,493
Share issue Expenses	(2,328)	–	–	–	–	(2,328)
Conversion of convertible bonds	177,468	–	–	–	–	177,468
Total comprehensive loss for the year	–	–	–	1,275	(22,496)	(21,221)
At 31 March 2010	454,940	18,689	16,632	3,079	(151,638)	341,702

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

29. RESERVES (Continued)

C) NATURE AND PURPOSES OF THE RESERVES

i) *Share premium*

The application of the share premium account is governed by section 40 of the Bermuda Companies Act 1981. The share premium account of the company is distributable to the owners of the company in the form of fully paid bonus shares.

ii) *Special reserve*

The group's special reserve represents the difference between the nominal value of the shares and the share premium account of the subsidiaries acquired pursuant to the group reorganisation, over the nominal value of the company's shares issued in exchange for.

iii) *Contributed surplus reserve*

The contributed surplus arose from the capital and share premium reduction on 21 May 2007. Pursuant to the scheme, the issued share capital was reduced from 419,392,885 shares of HK$0.2 each to 419,392,885 shares of HK$0.01 each by cancelling HK$0.19 from each share together with the associated share premium of HK$40.9 million. A credit of approximately HK$120.6 million was transferred to the contributed surplus account. Part of the contributed surplus amounting to approximately HK$99.7 million was applied to eliminate the accumulated losses. A surplus of approximately HK$20.9 million standing to the credit of the contributed surplus account remained after the completion of the capital reorganisation. The contributed surplus may be utilised by the directors in accordance with the bye-laws of the company and all applicable laws, including to apply such credit against the accumulated losses of the company.

iv) *Employee share-based compensation reserve*

The employee share-based compensation reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the company recognised in accordance with the accounting policy adopted for share-based payments in note 2(t)(ii).

v) *Exchange fluctuation reserve*

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(q).

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

29. RESERVES (Continued)

D) DISTRIBUTABILITY OF RESERVES

At 31 March 2010, the aggregate amount of reserves available for distribution to owners of the company was approximately RMB341,702,000 (2009: approximately RMB114,290,000) subject to the restriction on the share premium account as stated above.

E) CAPITAL MANAGEMENT

The group's objectives when managing capital are 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 management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate.

The group monitor its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest– bearing bank borrowings and convertible bonds) less cash and cash equivalents. Adjusted capital comprises all components of equity plus adjusted net debt.

During the year ended 31 March 2010, the group's strategy, which was unchanged from 2009, was to maintain a gearing ratio of within 20% to 30%. The gearing ratios at 31 March 2010 and 2009 were as follows:

	2010 **RMB'000**	2009 RMB'000 (restated)
Total borrowings		
Interest-bearing bank borrowings (Note 24)	**58,500**	90,500
Convertible bonds (Note 26)	**66,428**	–
	124,928	90,500
Less: Cash and cash equivalents (Note 22)	**73,784**	5,631
Net debt	**51,144**	84,869
Total equity	**618,219**	117,537
Total capital	**669,363**	202,406
Gearing ratio	**8%**	42%

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

29. RESERVES (Continued)

E) CAPITAL MANAGEMENT (Continued)

As at 31 March 2010, the gearing ratio of the group was 8%, which was lower than the range set by the group. Neither the company nor its subsidiaries are subject to externally imposed capital requirements.

30. ACQUISITION OF SUBSIDIARIES

A) ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

On 4 June 2009, the company entered into a sale and purchase agreement with an independent third party, for the acquisition of the entire equity interest in the Main Pacific Group Limited (the "Main Pacific") and its subsidiaries (together the "Main Pacific Group") for a consideration of approximately RMB267 million (equivalent to HK$300 million). The fair value of total consideration given was approximately RMB248,225,000. Main Pacific owns 51% indirect interest in a mining business. The completion date of the agreement was 24 July 2009, which is also the acquisition date for accounting purposes. The Group accounted for the acquisition of subsidiaries as an asset acquisition.

Main Pacific is an investment holding company incorporated in the British Virgin Islands and owns a 51% interest in a mining business.

The allocation of acquisition consideration on Main Pacific Group as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Previous carrying amount	**Allocation of acquisition consideration**
	RMB'000	RMB'000
Plant and equipment	222	222
Intangible asset	5,600	499,398
Other receivables	13,867	13,867
Cash and Cash equivalent	134	134
Other payables	(18,719)	(18,719)
Amount due to minority interest	(1,082)	(1,082)
	22	493,820
Minority interest		(245,595)
Total consideration		248,225

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

30. ACQUISITION OF SUBSIDIARIES

A) ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

	RMB'000
Total consideration satisfied by:	
Cash	35,560
Fair value of convertible bonds	212,665
	248,225
Net cash outflow arising on acquisition:	
Cash consideration paid	(35,560)
Cash and Cash equivalents acquired	134
Net cash outflow of cash and cash equivalents in respect of acquisition of subsidiaries	(35,426)

The subsidiaries acquired contribute RMB Nil to the group's turnover and net loss of RMB322,000 to the consolidated net loss for the for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 April 2009, total group revenue for the period would not change and the loss for the year would have been increased to approximately RMB19,849,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the group that actually would have been achieved had the acquisition been completed on 1 April 2009, nor is it intended to be a projection of future results.

NOTES TO THE FINANCIAL STATEMENTS

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31. OPERATING LEASE COMMITMENTS

I) THE GROUP AS LESSOR:

The group leases its investment properties under operating lease arrangements to tenants, with leases negotiated for terms ranging from two to ten years. The terms of the leases generally require the tenants to pay security deposits. At the end of the reporting period, the group had total future minimum lease payments receivable under non-cancellable operating leases from its tenants falling due as follows:

	2010	2009
	RMB'000	RMB'000
		(restated)
Within one year	**11,041**	16,253
In the second to fifth year, inclusive	**29,047**	54,145
Over five years	**15,649**	24,011
	55,737	94,409

II) THE GROUP AS LESSEE:

At the end of the reporting period, the group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2010	2009
	RMB'000	RMB'000
		(restated)
Within one year	**3,356**	2,860
In the second to fifth years, inclusive	**2,698**	1,300
Over five years	**990**	–
	7,044	4,160

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

32. MATERIAL RELATED PARTY TRANSACTIONS

(A) KEY MANAGEMENT PERSONNEL EMOLUMENTS

Emoluments for key management personnel, including amounts paid to the company's directors as disclosed in note 10 and certain of the highest paid employees as disclosed in note 11 are as follows:

	2010	2009
	RMB'000	RMB'000
		(restated)
Short-term employee benefits	**2,028**	2,736
Post-emloyment benefits	**49**	53
	2,077	2,789

The total emoluments is included in "staff costs" (see note 9(b)).

(B) OUTSTANDING BALANCES WITH RELATED PARTIES

	2010	2009
	RMB'000	RMB'000
		(restated)
Amount due to a related party (note 23)	**1,418**	600

The amount represented the advance from a director of a subsidiary in 2009. The director of a subsidiary further advance RMB918,000 to a subsidiary during the year 2010. The balances with these related parties are unsecured, interest free and have no fixed terms of repayment.

33. LITIGATION

In 1998, the company brought up legal proceedings against ASG Capital Limited and ASG Brokerage Limited (the "Defendants") for breach of the placing and underwriting agreement dated 9 December 1997 on ground that the Defendants failed to fulfill their underwriting obligations thereunder and for the recovery of RMB40 million being the economic loss suffered by the company together with interest and legal costs. The proceedings are now in pre-trial stage of discovery of documents of the parties and the date of the trial has not been fixed. The last action of the parties to the proceedings took place in middle of 2005 when solicitors acting for the company served a notice to inspect documents to those acting for the Defendants.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

34 RETIREMENT BENEFITS SCHEME

The group operates a Mandatory Provident Fund ("MPF") scheme for all Hong Kong eligible employees including executive directors. The assets of the MPF scheme are held separately from those of the group in funds under the control of trustees.

The retirement benefit cost for the MPF scheme charged to the consolidated income statement represents contributions payable to the MPF scheme by the group at 5% specified in the rules of the MPF scheme.

Employees who are employed in the PRC are members of the state-sponsored pension scheme operated by the PRC government. The group is required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the group with respect to the pension scheme is to make the required contributions under the scheme.

35. NON-ADJUSTING POST BALANCE SHEET EVENTS

(i) On 27 March 2010, Ms Yu Wai Fong ("Ms Yu"), the director of the company, the company and Cheong Lee Securities Limited (the "placing agent") entered into a placing and subscription agreement pursuant to which the placing agent has agreed to place 510,000,000 placing shares at the price of HK0.084 per placing share to not less than six independent placees. In addition, Ms Yu also agreed to subscribe for and the company agreed to issue a total of 510,000,000 subscription shares at a price of HK0.084 per subscription share. The placing and subscription were completed on 1 April 2010. The proceeds of the share subscription, are approximately HK$42,840,000 (equivalent to approximately RMB37,999,000).

(ii) On 27 May 2010, Ms Yu, the company and placing agent entered into a placing and subscription agreement pursuant to which the placing agent has agreed to place 500,000,000 placing shares at the price of HK0.055 per placing share to not less than six independent placees. In addition, Ms Yu also agreed to subscribe for and the company agreed to issue a total of 500,000,000 subscription shares at a price of HK0.055 per subscription share. The proceeds of the share subscription, are approximately HK$27,500,000 (equivalent to approximately RMB24,200,000).

(iii) On 14 June 2010, Ms Yu, the company and the placing agent entered into a placing and subscription agreement pursuant to which the placing agent has agreed to place 500,000,000 placing shares at the price of HK0.039 per placing share to not less than six independent placees. In addition, Ms Yu also agreed to subscribe for and the company agreed to issue a total of 500,000,000 subscription shares at a price of HK0.039 per subscription share. The proceeds of the share subscription, are approximately HK$19,500,000 (equivalent to approximately RMB17,160,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

35. NON-ADJUSTING POST BALANCE SHEET EVENTS (Continued)

(iv) On 14 August 2009, the company entered into the Memorandum of Understanding with the independent third party in relation to a possible acquisition of the 100% interest in World Petrolem Inc (the "WPI"). WPI is in the process of completing an internal restructuring. Upon completion of the restructuring, WPI shall have a 90% effective interest in the hydrocarbon production under the exploration and production contract.

In accordance with the terms of the Memorandum of Understanding, the company shall pay the refundable deposits totaling US$15,000,000 to the vendors in proportion to their respective shareholding in WPI after the company is satisfied with the performance of the preliminary due diligence review in an absolute discretion basis. The company appointed the necessary professional parties, such as lawyer and valuer, to conduct the due diligence review. All of the incurred professional expenses were recognized in the income statement during the year.

As at 12 Feb 2010, the deposits have not yet been paid and the company and the vendors have mutually agreed to extend the date of payment of the deposits to on or before 14 May 2010.

As WPI. is currently undergoing internal restructuring, the WPI acquisition has been put on hold pending completion of the said restructuring. Furthermore, the memorandum of understanding made between the company and the vendors of WPI. for the acquisition has expired on 14 May 2010.

(v) On 24 March 2010, the company entered into the Memorandum of Understanding ("MOU of Mining Company") with the independent third party in relation to a possible acquisition of the 100% interest in Sinowood Holdings Limited (the 'Target Group"). The Target Group had a 40% effective interest in the mining company in PRC.

In accordance with the terms of the MOU of Mining Company, the group shall pay the refundable cash deposits totaling HK$70,000,000 (equivalent to RMB60,683,000) to the vendors subject to the performance of the preliminary due diligence review to the satisfaction of the group in an absolute discretion basis. The group appointed the necessary professional parties, such as valuer and lawyer, to conduct the due diligence review after the year ended. No expenses were recognized during the year. Up to the date of this report, the group paid the deposit of HK$48,500,000 (equivalent to RMB42,045,000), and the remaining of HK$21,500,000 (equivalent to RMB18,638,000) had not yet been paid.

The MOU of Mining Company have a term of three months from the date of the MOU of Mining Company, i.e. until 23 June 2010. In view of the necessity to continue the preliminary due diligence review, the group and vendors agreed to extend the term of the MOU, for another three months to until 24 September 2010 by entering into a letter of confirmation with the Vendor on 22 June 2010.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

35. NON-ADJUSTING POST BALANCE SHEET EVENTS (Continued)

(vi) On 21 June 2010, the company entered into the Memorandum of Understanding ("MOU of Pure Power") with the independence third party in relation to a possible acquisition of the 100% interest in Pure Power Holdings Limited ("Pure Power"), a company incorporated under the laws of the British Virgin Islands which will own of 100% of the legal and beneficial interest in Bright Sky Energy & Minerals, INC(" Bright Sky"), a company incorporated in Nevada, USA after the process of restructuring, giving Pure Power a 100% effective interest in the exploration and exploitation rights for oil & gas rights under the oil and gas leases. Bright Sky will be the holder of the oil and gas lease upon completion of the transfer. In accordance with the MOU of Pure Power, the Company shall pay cost and expenses in relation to the due diligence not more than HK$20,000,000 (equivalent to approximately RMB17,700,000). Up to the date of this report, the deposits have not yet been paid.

(vii) On 9 July 2010, the shareholder approved the share consolidation in the special general meeting. The share consolidation represented that every 5 issued and unissued shares of HK$0.01 each consolidated into one consolidated share of HK$0.05 each.

36. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (Revised), Presentation of financial statements, and HKFRS 8, Operating segments, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2010. Further details of these developments are disclosed in note 3. In addition, as a result of the change in presentation currency from Hong Kong dollar to RMB in the current accounting period, comparative figures have been restated accordingly.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

37. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2010

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2010 and which have not been adopted in these financial statements.

The group has not early applied any of 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 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related party disclosures[5]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[3]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[7]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a minimum funding requirement[5]
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] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 January 2010.
[4] Effective for annual periods beginning on or after 1 February 2010.
[5] Effective for annual periods beginning on or after 1 January 2011.
[6] Effective for annual periods beginning on or after 1 July 2010.
[7] Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March 2010

37. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2010 (Continued)

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. In addition, under HKFRS 9, changes in fair value of equity investments are generally recognized in other comprehensive income, with only dividend income recognized in profit or loss. The application of HKFRS 9 might affect the classification and measurement of the company'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, leasees were required to classify leasehold land as operating leases and present then as prepaid lease payments in the 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 and measurement of the company's leasehold land at revalued amount.

The group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the financial statements.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2010	2009	2008	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	**7,750**	17,254	17,859	5,772	3,026
(Loss)/Profit before tax	**(10,613)**	(245,432)	(34,491)	14,956	(5,193)
Tax	**(8,688)**	54,487	7,074	(4,823)	–
(Loss)/Profit for the year from continuing operations	**(19,301)**	(190,945)	(27,417)	10,133	(5,193)
Loss for the year from discontinued operation	**–**	–	–	(29,122)	(25,504)
Loss for the year	**(19,301)**	(190,945)	(27,417)	(18,989)	(30,697)

ASSETS AND LIABILITIES

	Year ended 31 March				
	2010	2009	2008	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total Assets	**766,556**	212,439	463,409	270,304	103,306
Total Liabilities	**(148,337)**	(94,902)	(156,778)	(234,005)	(88,546)
Net assets	**618,219**	117,537	306,631	36,299	14,760

PROPERTIES HELD BY THE GROUP FOR INVESTMENT

As at 31 March 2010

	Location	Existing Use	Term of Lease
1.	Unit Nos. 201 and 202 on Mezzanine Level, Yun Hai Building, Nos. 1329 and 1331 Huai Hai Zhong Road, Xuhui District, Shanghai, The PRC.	Commercial	Medium term
2.	Whole of Levels 1 and 2, Shimei Mansion, No. 445 Jiangning Road, Jingan District, Shanghai, The PRC.	Commercial	Medium term
3.	Whole of Levels 3 and 4, Shimei Mansion, No. 445 Jiangning Road, Jingan District, Shanghai, The PRC.	Commercial	Medium term