CHINA RAILSMEDIA
CORPORATION LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 745)

Annual Report

2011

Contents

2 Corporate Information
3 Chairman's Statements
5 Management Discussion and Analysis
6 Report of the Directors
12 Corporate Governance Report
16 Biographical Details of Directors and Senior Management
18 Independent Auditors' Report
20 Consolidated Statement of Comprehensive Income
21 Consolidated Statement of Financial Position
23 Consolidated Statement of Changes in Equity
24 Consolidated Statement of Cash Flows
26 Statement of Financial Position
27 Notes to the Consolidated Financial Statements
92 Summary Financial Information

Corporate Information

DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

COMPANY SECRETARY

Mr. Sin Kwok Wai, Ronald

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Flat C, 3/F., Shing Lee Commercial Building,
No.8 Wing Kut Street, Central,
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

ORDINARY SHARE LISTING

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

Chairman's Statements

Dear Shareholders,

On behalf of the Board of Directors (the "Board" or the "Directors") of China Railsmedia Corporation Limited (the "Company"), I present the annual results of the Company and its subsidiaries (collectively refer to the "Group") for the year ended 31 March 2011.

CURRENT YEAR REVIEW

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

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

At present, the core business of the Group was in a transitional phase from business construction and renovation business to advertising business. The business of Beijing Railsmedia Advertising Co. Ltd ("BJRA") in PRC is still in its early stage of development compared with the conventional media such as television and newspaper. We strongly believe that the BJRA business will grow steadily due to the increasing consumption power of the PRC population, which induce various advertisement opportunities. Also, the number of people exposed to ticket counters in train stations is massive which in turn enhance peoples' perception on the likely positive effect of such new type of media.

Chairman's Statements

PROSPECT

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

Although we foresee the great business and revenue potential, we must manage potential risk properly by adopting a prudent approach in capital expenditure, operating costs and by properly controlling the pace of installation of LCD displays in train stations in the PRC. For cost control, we already succeeded in streamlining our internal operation in current year and reduced the operating costs. Considering the present consumption pattern in PRC, we have decided to adopt a more competitive business strategy and are confident that such a change in management policy will bring along with fruitful results in future.

In addition, the group has been searching for different scope of investment and business opportunities in the advertising market.

APPRECIATION

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

Hui Chi Yung
Chairman

Hong Kong, 27 June 2011

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 March 2011, the Group recorded a turnover of approximately HK$47,232,000, compared with the corresponding turnover of approximately HK$147,684,000 in 2010. We incurred a gross loss of approximately HK$22,007,000 while there was a gross loss of approximately HK$13,298,000 in 2010. The gross loss in the current year was mainly due to the increase in service costs in providing advertising, building renovation and construction businesses. Besides, we find that the profit margin of our existing projects have been undermined by the rising material costs in general.

Our loss attributable to shareholders amounted to approximately HK$21,534,000 (2010: approximately HK$87,310,000). This is mainly due to the impairment loss in respect of goodwill and the substantial amounts of legal fee incurred for various litigation of our Group. The management of the Group recognised an impairment loss in respect to goodwill of approximately HK$17,671,000 arising from the advertising segment. Nevertheless, there was a one-off special gain of approximately HK$24,020,000 on the disposals of subsidiaries for the year ended 31 March 2011.

Turnover from our building and construction segment was approximately HK$16,781,000 (2010: approximately HK$52,894,000). Such turnover was contributed by uncompleted projects in last year. Due to keen competition and the squeezing of contract price by both the private and public sector, we have to scale down this business segment gradually.

The renovation, repairs and maintenance segment reported a turnover of approximately HK$28,255,000 (2010: approximately HK$92,641,000). This was also contributed mainly from uncompleted projects in last year. There were lots of small scale renovation works in Hong Kong and the PRC, however, many of them are not cost effective for us to bid. Yet, we will continue to explore on this business segment should there is any profitable renovation works arise.

For advertising segment, turnover amounted to approximately HK$2,196,000 (2010: approximately HK$2,149,000). This business segment is now running at a loss, but we are confident of its future due to the general prosperity of the Peoples' Republic of China (the "PRC"). Based on the present market trend and consumption pattern in PRC, we have decided to adopt a more competitive business strategy and with the change in management policy we expect to have an increase in our market share of the advertising business.

FINANCIAL REVIEW

Liquidity and financing

There were no bank borrowings as at 31 March 2011 and 2010. The Group's cash and bank deposits were approximately HK$16.2 million (2010: HK$38.4 million).

The Group's gearing ratio, calculated by aggregate of amounts due to related parties and, loans from shareholders over total assets, increase to 66.33% at 31 March 2011 from 34.27% at 31 March 2010.

Treasury policies

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

Pledge of assets

As at 31 March 2011 and 2010, no asset was being pledged since there is no external financing for the Group.

Employee information

On 31 March 2011, the Group had 50 (2010: 61) full time employees, whom are employed in Hong Kong and Mainland China. They are remunerated at market level with benefits such as medical, retirement benefit and share option scheme.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2011 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 20 to 91.

The directors do not recommend the payment of a dividend (2010: Nil).

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 92 of the annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 31 to the financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 34 to the financial statements and in the consolidated statement of changes in equity, respectively.

Report of the Directors

DISTRIBUTABLE RESERVES

At 31 March 2011, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law (2004 Revision) of the Cayman Islands, amounted to approximately (HK$58,847,000) (2010: approximately HK$7,131,000). The distributable reserves include the Company's share premium and capital reserve, in a total of approximately HK$220,686,000 as at 31 March 2011 (2010: approximately HK$220,686,000), which may be distributed, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's 5 largest customers accounted for 66.63% (2010: 89.72%) of the total sales for the year and sales to the largest customer included therein amounted to 43.09% (2010: 72.62%). The aggregate purchases during the year attributable to the Group's 5 largest suppliers accounted for 19.27% (2010: 64.03%) of the Group's total purchases for the year and purchase from the largest supplier included therein amounted to 8.59% (2010: 42.27%).

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

DIRECTORS

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

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

Independent non-executive directors:
Dr. Hu Chung Kuen, David
Mr. Liu Kwong Sang
Mr. Sit Hing Wah

In accordance with articles 86(3), 87(1) and (2) of the Company's articles of association and the provisions of the Listing Rules, Mr. Hui Chi Yung will retire by rotation and being eligible, will offer themselves for re-election at the forthcoming Annual General Meeting. The independent non-executive directors are appointed for a period one year commencing from 1 September 2010.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 1 September 2010. Each of the executive Directors is entitled to the respective basic salaries and pension scheme and discretionary bonus as the board of Directors may in its absolute discretion determine having regard to the performance of the executive Director and the operating results of the Group in respect of any financial year of the Company. An executive Director may not vote on any resolution of the Directors regarding the amount of the bonus payable to him. Furthermore, the executive Directors are entitled to all reasonable medical expenses as provided under the Group's medical benefits scheme. In addition, the executive Directors may, at the sole and absolute discretion of the board of Directors, be eligible to participate in any share option scheme from time to time adopted by the Company in accordance with the terms and conditions of such share option scheme.

The independent non-executive Directors have been appointed for a term of 1 year commencing from 1 September 2010. The Company intends to pay a director's fee of HK$20,000 per annum to each of the independent non-executive Directors. Save for the director's fee, none of the independent non-executive Director is expected to receive any other remuneration for holding their office as an independent non-executive Director.

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 39 to the financial statements, no director had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

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

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

At 31 March 2011, the interests and short positions of the directors in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

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

Name of Director	Company/name of associated corporation	Capacity	Name and class of securities/approximate shareholding percentage *(Note 1)*
Mr. Hui Chi Yung	Company	Settlor/Founder of The Wing Hong Trust *(Note 2)*	743,918,560 Shares/ 47.88% (L)
	Rich Place Investment Limited	Settlor/Founder of The Wing Hong Trust *(Note 3)*	1 ordinary share/ 100% (L)
	Wise Win Enterprises Limited	Settlor/Founder of The Wing Hong Trust *(Note 4)*	1 ordinary share/ 100% (L)
Mr. Hui Kau Mo	Company	Settlor/Founder of The Wing Hong Trust *(Note 2)*	743,918,560 Shares/ 47.88% (L)
	Rich Place Investment Limited	Settlor/Founder of The Wing Hong Trust *(Note 3)*	1 ordinary share/ 100% (L)
	Wise Win Enterprises Limited	Settlor/Founder of The Wing Hong Trust *(Note 4)*	1 ordinary share/ 100% (L)

Notes:

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

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

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

4. The share is held by Rich Place.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

Particulars of the share option scheme of the Company are disclosed in note 33 to the financial statements. Since adoption of the share option scheme, no share option has been granted.

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

At 31 March 2011, the interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests in the shares and underlying shares of the Company, as required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

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

Name	Capacity	Class and number of securities/approximate shareholding percentage *(Note 1)*
The Wing Hong Trust	Beneficial owner *(Note 2)*	743,918,560 Shares/47.88% (L)
Chin Ivan	Beneficial owner	104,920,000 Shares/6.75% (L)
United Century Limited	Beneficial owner *(Note 3)*	121,978,000 Shares/7.85% (L)
Hui Chi Yang	Corporate interest *(Note 3)*	121,978,000 Shares/7.85% (L)

Notes:

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

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

3. The entire issued share capital of United Century Limited is owned by Mr. Hui Chi Yang, who is the director of business development of the Group but is not a member of the Board. Mr. Hui Chi Yang is the brother of Mr. Hui Chi Yung and a son of Mr. Hui Kau Mo, both are executive Directors.

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

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

For year ended 31 March 2011, the total amount received from Shanghai Jinjiang and its associates was approximately HK$3,792,000 (2010: approximately HK$3,879,000).

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

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

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

PUBLIC FLOAT

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

ANNUAL CONFIRMATION OF INDEPENDENCE

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

AUDITORS

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

On Behalf of the Board

Hui Chi Yung
Chairman

Hong Kong, 27 June 2011

Corporate Governance Report

The Company puts strong emphasis on the superiority, steadiness and rationality of corporate governance. The Company has complied with all the code provisions in the Code of Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 March 2011 (the "Year") except for the following deviations:

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

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

THE BOARD OF DIRECTORS

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

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

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

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

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

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

Each of the independent non-executive directors is appointed for a term of one year expiring on 1 September 2011 and they are also subject to retirement by rotation in accordance with the Company's Articles of Association. Regular Board meetings are held for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

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

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

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

BOARD COMMITTEES

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

Remuneration Committee

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

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

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

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

Audit Committee

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

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

Name of directors	Attendance
Dr. Hu Chung Kuen, David	2/2
Mr. Liu Kwong Sang	2/2
Mr. Sit Hing Wah	1/2

During the year, the audit committee had reviewed and considered, inter alia, the annual results for the year ended 31 March 2011 and the interim results for the six months ended 30 September 2010.

OTHER INFORMATION

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDITORS' REMUNERATION

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

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

DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

The financial statements of the Group for the year ended 31 March 2011 have been prepared on a going concern basis, the validity of which is dependent upon the outcome of the arbitration and the recoverability of the other receivable as stated in Note 24 to the financial statements and the successful outcome of the Group's measures to satisfy its working capital needs and improve the liquidity position. For additional details of these fundamental uncertainties relating to the going concern, please refer to Independent Auditors' Report on pages 18 to 19 and Note 3 to financial statements.

INTERNAL CONTROL

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

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

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

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

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Hui Chi Yung, aged 47, is an executive Director of the Group. Mr. Hui joined the Group in July 1993. He is responsible for formulating and implementation of the business strategy of the Group's operations and finding business opportunities. Prior to joining the Group, Mr. Hui engaged in the engineering field and was responsible for managing the construction of a condominium and a 3-storey apartment site situated in Canada. Mr. Hui holds a bachelor degree of Applied Science in Electrical Engineering obtained from the University of British Columbia, Canada in 1993. Mr. Hui is a son of Mr. Hui Kau Mo.

Mr. Hui Kau Mo, aged 78, is an executive Director. Mr. Hui joined the Group in March 1992 and left the management team in December 1995 and rejoined the Group in August 2003. Mr. Hui is the father of Mr. Hui Chi Yung. He is responsible for sales, marketing and business development of the Group, especially in the PRC. Mr. Hui also serves as a non-executive director of abc Multiactive Limited, a software company listed on the Growth Enterprise Market of the Stock Exchange.

Independent Non-Executive Directors

Dr. Hu Chung Kuen, David, aged 57, is an independent non-executive Director of the Group. He was appointed as an independent non-executive Director in September 2002. Dr. Hu graduated with honours from the University of Minnesota, U.S. with Bachelor degree in Science in 1975 and obtained the M.D. degree from the School of Medicine, Washington University, U.S. in 1979. He completed his Internal Medicine residency at Vancouver General Hospital, Canada in 1982 and Cardiology Fellowship at Mayo Graduate School of Medicine, U.S. in 1985. Since then, Dr. Hu has been practiced as a Clinical Assistant Professor at the University of British Columbia and has completed a clinical fellowship in International Cardiology at Beth Israel Deaconess Medical Center, Harvard Medical School, U.S., Dr. Hu returned to Hong Kong and commenced private practice. Dr. Hu not only has fellowships of Hong Kong College of Physicians, Hong Kong Academy of Medicine, the Royal College of Physicians of Canada and American College of Cardiology but in addition he has Memberships in the Royal College of Surgeons of England, the Hong Kong College of Cardiology, and Canadian Cardiovascular Society.

Mr. Liu Kwong Sang, aged 49, has been practising as a certified public accountant in Hong Kong with more than 22 years of experience in accounting profession. Mr. Liu graduated from the Hong Kong Polytechnic University with a bachelor degree in Accountancy (with honours) and obtained the Master degree in Business Administration from the University of Linclon, the United Kingdom. He is an associate member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Institute of Financial Accountants, the United Kingdom and a fellow member of the National Institute of Accountants, Australia. Mr. Liu is also a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong, a fellow member of the Society of Registered Financial Planners. Mr. Liu acts as independent non-executive directors of Polytec Asset Holdings Limited and of Ruyan Group (Holdings) Limited, securities of both are listed on the main board of the Stock Exchange, and of abc Multiactive Ltd whose securities are listed on the GEM board of the Stock Exchange, and of Pacific CMA, Inc. whose securities were previously listed on the American Stock Exchange. He was also an independent non-executive director of Tack Fat Group International Limited, whose securities are listed on the main board of the Stock Exchange. Mr. Liu was appointed as an independent non-executive Director of our Company since September 2004.

Mr. Sit Hing Wah, aged 88, is an independent non-executive Director. He was appointed as an independent non-executive Director in September 2002. Mr. Sit founded The Federation of Hong Kong Travellers Ltd. in the 70s with other professionals in the tourism industry and is currently its Honorary Chairman. Furthermore, Mr. Sit has also set up the Hong Kong Health Care Association On Aging in 2001 and is now its chairman.

SENIOR MANAGEMENT

Mr. Lee Wing Hon, aged 53, is the electrical and mechanical manager of Wing Hong Contractors Limited, a subsidiary of the Group since September 1996. He has over 22 years of experience in the building services field of the construction industry. He is responsible for the overall site and contractual matters with respect to the electrical & mechanical aspects of each project, ensuring the specified requirements on the building services performance are met and making certain that projects are complete within the predetermined period in an efficient and profitable manner. Mr. Lee served as a project manager for ATAL Engineering Limited since 1981. Prior to joining the Group from year 1991 to 1994, Mr. Lee was the application engineer of Northern Industrial in Canada. Mr. Lee is a Professional Engineer registered in Canada and a Chartered Engineer of the United Kingdom.

Mr. Sin Kwok Wai, Ronald, aged 54, is the Finance Manager and Company Secretary of the Group since December 2010. Being the Head of Finance Department, he is responsible for overseeing the accounting and financial management of the Group companies. In addition to his finance and company secretarial functions, Mr. Sin also supervises the Group HR and administration. Mr. Sin holds a master degree in business administration, is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the CPA Australia. Prior to joining the Company, Mr. Sin has served companies in different industries including a UK listed company in Hong Kong and possessed over 20 years accounting and corporate restructuring experience.

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

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

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

We were engaged to audit the consolidated financial statements of China Railsmedia Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as set out on pages 20 to 91, which comprise the consolidated and the Company statements of financial position as at 31 March 2011, and 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 information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

Independent Auditors' Report

BASIS FOR DISCLAIMER OF OPINION

Material uncertainty and inability to obtain sufficient appropriate audit evidence relating to recoverability of other receivable and arbitration

As described in Note 24 to the consolidated financial statements, the Group commenced arbitration against a subcontractor (the "Case") to recover the other receivables of the Group in the amount of approximately HK$10,400,000 (the "Receivable"). The Case is in respect of costs incurred on behalf of the subcontractor arising from execution of a civil engineering works contract in Hong Kong. Although the directors of the Company, after consultation with their legal advisors, are of the view that the Group has valid grounds to recover the Receivable, the outcome of such arbitration cannot be determined as at the date of approval of these consolidated financial statements.

As a result of the uncertainty of the timing and the outcome of the Case, we are unable to ascertain as to how much and when the Receivable would be recoverable or whether the full amount might be recoverable. There were no other practical satisfactory audit procedures that we could adopt to assess the carrying value of the Receivable. Any adjustments to the carrying value of the Receivable that might have been necessary should evidence become available to us may have a consequential significant effect on the net assets of the Company and the Group as at 31 March 2011 and the loss of the Group for the year then ended.

Material uncertainties relating to the going concern basis of the Group

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

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

DISCLAIMER OF OPINION

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 27 June 2011

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	8	**47,232**	147,684
Cost of sales		**(69,239)**	(160,982)
Gross loss		**(22,007)**	(13,298)
Other revenue	8	**6,546**	2,381
Other income	9	**886**	34
Administrative expenses		**(17,863)**	(34,369)
Gain on disposals of subsidiaries	35	**24,020**	–
Impairment loss in respect of goodwill	18	**(17,671)**	(4,000)
Impairment loss in respect of accounts receivable	23	**–**	(40,642)
Share of (loss)/profits of a jointly controlled entity	20	**(5)**	460
Impairment loss in respect of interest in a jointly controlled entity	20	**(288)**	–
Loss from operating activities	9	**(26,382)**	(89,434)
Finance costs	10	**(258)**	(1,997)
Loss before taxation		**(26,640)**	(91,431)
Taxation	13	**–**	(255)
Loss for the year		**(26,640)**	(91,686)
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations		**4,323**	(2,433)
Net gain arising on revaluation of available-for-sale financial assets during the year		**–**	436
Released upon disposals of available-for-sale financial assets		**–**	837
Total comprehensive loss for the year, net of tax		**(22,317)**	(92,846)
Loss attributable to:			
– Owners of the Company		**(21,534)**	(87,310)
– Non-controlling interests		**(5,106)**	(4,376)
		(26,640)	(91,686)
Total comprehensive loss attributable to:			
– Owners of the Company		**(18,659)**	(88,470)
– Non-controlling interests		**(3,658)**	(4,376)
		(22,317)	(92,846)
Loss per share			
– Basic and diluted	16	**(HK1.39 cents)**	(HK5.65 cents)

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

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

Consolidated Statement of Financial Position

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**3,904**	9,831
Goodwill	18	**13,329**	32,810
Interest in a jointly controlled entity	20	**7**	300
		17,240	42,941
Current assets			
Amount due from customers for contract work	22	**7,192**	26,788
Accounts receivable	23	**830**	26,489
Prepayments, deposits and other receivables	24	**34,031**	36,272
Amount due from a jointly controlled entity	20	**–**	160
Cash and cash equivalents	25	**16,190**	38,378
		58,243	128,087
Assets classified as held for sale	26	**14,151**	–
		72,394	128,087
Total assets		**89,634**	171,028
EQUITY			
Capital and reserves			
Share capital	31	**15,538**	15,538
Reserves	34(a)	**(37,469)**	(18,810)
Equity attributable to owners of the Company		**(21,931)**	(3,272)
Non-controlling interests		**26,082**	29,740
Total equity		**4,151**	26,468

Consolidated Statement of Financial Position

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
LIABILITIES			
Non-current liabilities			
Loan from shareholders	29	**45,778**	47,205
Current liabilities			
Loan from shareholders	29	**4,000**	4,161
Accounts payable	27	**9,013**	42,968
Amount due to customers for contract work	22	**–**	25,208
Other payables and accruals	28	**21,571**	24,816
Amount due to a jointly controlled entity	20	**3**	–
Tax payable		**7**	202
		34,594	97,355
Liabilities directly associated with assets classified as held for sale	26	**5,111**	–
		39,705	97,355
Total liabilities		**85,483**	144,560
Total equity and liabilities		**89,634**	171,028
Net current assets		**32,689**	30,732
Total assets less current liabilities		**49,929**	73,673

Approved by the Board of Directors on 27 June 2011 and signed on its behalf by:

Hui Chi Yung
Director

Hui Kau Mo
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Attributable to owners of the Company								
	Issued share capital HK$'000	Share premium account HK$'000	Capital reserve HK$'000 (Note (a))	Available-for-sale financial assets fair value reserve HK$'000	Convertible notes reserve HK$'000	Exchange translation reserve HK$'000	Retained profits/ (Accumulated losses) HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2009	15,338	111,746	9,800	(1,273)	83	3,494	(55,399)	34,116	117,905
Loss for the year	–	–	–	–	–	–	(87,310)	(4,376)	(91,686)
Other comprehensive loss for the year	–	–	–	1,273	–	(2,433)	–	–	(1,160)
Total comprehensive loss for the year	–	–	–	1,273	–	(2,433)	(87,310)	(4,376)	(92,846)
Conversion of convertible notes	200	1,292	–	–	(90)	–	–	–	1,402
Deferred tax released upon conversion of convertible notes	–	–	–	–	7	–	–	–	7
At 31 March 2010 and 1 April 2010	15,538	113,038	9,800	–	–	1,061	(142,709)	29,740	26,468
Loss for the year	–	–	–	–	–	–	(21,534)	(5,106)	(26,640)
Other comprehensive income for the year	–	–	–	–	–	2,875	–	1,448	4,323
Total comprehensive loss for the year	–	–	–	–	–	2,875	(21,534)	(3,658)	(22,317)
At 31 March 2011	**15,538**	**113,038**	**9,800**	**–**	**–**	**3,936**	**(164,243)**	**26,082**	**4,151**
Reserves retained by:									
Company and subsidiaries	15,538	113,038	9,800	–	–	3,936	(164,116)	26,082	4,278
Jointly-controlled entity	–	–	–	–	–	–	167	–	167
Associate	–	–	–	–	–	–	(294)	–	(294)
At 31 March 2011	**15,538**	**113,038**	**9,800**	**–**	**–**	**3,936**	**(164,243)**	**26,082**	**4,151**
Company and subsidiaries	15,538	113,038	9,800	–	–	1,061	(142,875)	29,740	26,302
Jointly-controlled entity	–	–	–	–	–	–	460	–	460
Associate	–	–	–	–	–	–	(294)	–	(294)
At 31 March 2010	15,538	113,038	9,800	–	–	1,061	(142,709)	29,740	26,468

Note:

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

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Loss before taxation		**(26,640)**	(91,431)
Adjustments for:			
Finance costs		**258**	1,997
Interest income		**(104)**	(2,031)
Depreciation		**267**	423
Exchange difference		**4,264**	(2,391)
(Gain)/loss on disposal of property, plant and equipment		**(5)**	292
Transfer from equity on disposal of available-for-sale assets		**–**	851
Share of results of a jointly-controlled entity		**5**	(460)
Dividend income on available-for-sale financial assets		**–**	(23)
Waiver of loan interest payable to a shareholder		**(881)**	–
Impairment loss in respect of goodwill		**17,671**	4,000
Impairment loss in respect of other receivables		**–**	675
Impairment loss in respect of accounts receivable		**–**	40,642
Impairment loss in respect of interest in a jointly controlled entity		**288**	–
Gain on disposal of subsidiaries		**(24,020)**	–
Operating loss before working capital changes		**(28,897)**	(47,456)
(Increase)/decrease in accounts receivable		**(1,901)**	65,054
Decrease in amount due from customers for contract work		**27,721**	13,470
Decrease in prepayments, deposits and other receivables		**1,126**	3,038
Decrease in amount due from an associate		**–**	2
Decrease in amount due from a jointly controlled entity		**160**	–
Increase/(decrease) in accounts payable		**15,237**	(9,374)
Decrease in other payables and accruals		**(983)**	(6,627)
(Decrease)/increase in amount due to customers for contract work		**(19,757)**	618
Increase in amount due to a jointly controlled entity		**3**	–
Cash (used in)/generated from operations		**(7,291)**	18,725
Interest received		**85**	83
Interest paid		**–**	(1)
Hong Kong profits tax paid		**(147)**	(300)
Net cash (used in)/generated from operating activities		**(7,353)**	18,507

Consolidated Statement of Cash Flows

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,795)**	(1,270)
Proceeds from disposal of available-for-sale financial assets		**–**	422
Proceeds from disposal of property, plant and equipment		**150**	202
Dividend received		**–**	23
Net cash outflows on disposals of subsidiaries	35	**(664)**	–
Net cash used in investing activities		**(3,309)**	(623)
Cash flows from financing activities			
Loan from shareholders		**–**	7,100
Repayment of loan from shareholders		**(1,000)**	(11,000)
Net cash used in financing activities		**(1,000)**	(3,900)
Net (decrease)/increase in cash and cash equivalents		**(11,662)**	13,984
Cash and cash equivalents at the beginning of the year		**38,378**	24,394
Cash and cash equivalents at the end of the year		**26,716**	38,378
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**16,190**	38,378
Cash and cash equivalents included in a disposal group classified as held for sale	26	**10,526**	–
		26,716	38,378

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

Statement of Financial Position

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	19	**34,153**	90,811
Current assets			
Prepayments, deposits and other receivables	24	**149**	182
Cash and cash equivalents		**6,645**	20,999
		6,794	21,181
Total assets		**40,947**	111,992
EQUITY			
Capital and reserves			
Share capital	31	**15,538**	15,538
Reserves	34(b)	**(58,847)**	7,131
Total equity		**(43,309)**	22,669
LIABILITIES			
Non-current liabilities			
Loan from shareholders	29	**43,778**	42,705
Current liabilities			
Other payables and accruals	28	**7,793**	9,919
Loan from shareholders	29	**1,500**	4,161
Amounts due to subsidiaries	19	**31,185**	32,538
		40,478	46,618
Total liabilities		**84,256**	89,323
Total equity and liabilities		**40,947**	111,992
Net current liabilities		**(33,684)**	(25,437)
Total assets less current liabilities		**469**	65,374

Approved by the Board of Directors on 27 June 2011 and signed on its behalf by:

Hui Chi Yung
Director

Hui Kau Mo
Director

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

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 August 2002 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Flat C, 3rd Floor, Shing Lee Commercial Building, No. 8 Wing Kut Street, Central, Hong Kong.

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

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

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

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2010. A summary of the effect on initial adoption of these new and revised HKFRSs is set out below.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 28 (as revised in 2008)	Investments in Associates
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKFRS 5 (Amendments as part of Improvements to HKFRSs issued in 2008)	Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners
HK – Int 4 (Amendments)	Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The impact of the application of the above new HKFRSs is discussed below.

HKFRS 3 (as revised in 2008) Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 April 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

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

HKFRS 3 (as revised in 2008) Business Combinations *(Continued)*

The impact of the application of HKFRS 3 (as revised in 2008) is as follows:

- HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as "minority" interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.

- HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

- HKFRS 3 (as revised in 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

- HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for the Group's changes in ownership interests in subsidiaries of the Group.

Specifically, the revised standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

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

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements *(Continued)*

These changes have been applied prospectively from 1 April 2010 in accordance with the relevant transitional provisions.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent.

HKAS 28 (as revised in 2008) Investments in Associates

The principle adopted under HKAS 27 (as revised in 2008) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to HKAS 28. Therefore, when significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

HK – Int 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities that reflects the remaining contractual maturities.

The application of these new HKFRSs has no material impact on the results and the financial information of the Group.

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

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (2011)	Separate Financial Statements[6]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[6]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 – Disclosures for First-time Adopters[2]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[4]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[6]
HKFRS 11	Joint Arrangements[6]
HKFRS 12	Disclosure of Interests in Other Entities[6]
HKFRS 13	Fair Value Measurement[6]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Amendments that are effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

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

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may have a significant impact on amounts reported in respect of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled *Disclosures – Transfers of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 *Related Party Disclosures* (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

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

HK(IFRIC) – Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC) – Int 19 will affect the required accounting. In particular, under HK(IFRIC) – Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

HKFRS 10 *Consolidated Financial Statements* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard replaces HK(SIC) - 12 *Consolidation — Special Purpose Entities* and replaces parts of HKAS 27 *Consolidated and Separate Financial Statements*.

HKFRS 11 *Joint Arrangements* provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. HKFRS 11 supersedes HKAS 31 *Interests in Joint Ventures* and HK(SIC) - 13 *Jointly Controlled Entities — Non-monetary Contributions by Venturers*.

HKFRS 12 *Disclosure of Interests in Other Entities* is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13 *Fair Value Measurement* improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Basis of preparation

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

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group. The Group incurred a net loss of approximately HK$26,640,000 for the year ended 31 March 2011 and accumulated losses of approximately HK$164,243,000 as at 31 March 2011. Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent upon the outcome of the arbitration and recoverability of the other receivables as stated in Note 24 to the consolidated financial statements and the successful outcome of the Group's measures to satisfy its working capital needs and improve the liquidity position. The consolidated financial statements do not include any adjustments that would result from the Group failing to recover the other receivables and or the failure in the measures undertaken by the Group in satisfying the working capital needs and improving the liquidity position. If the other receivables were not to be recovered or there was a failure as to the successful outcome of aforementioned measures, adjustments would have to be made to the consolidated financial statements to reduce the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

The measures undertaken by the Group include entering into an agreement with the major shareholder, Rich Place Investment Limited ("Rich Place"), who has confirmed that it will not demand repayment of the amount due of approximately HK$42,998,000 within the next twelve months from the end of the reporting period. In addition, Rich Place has also agreed to provide continuing financial support to the Group. As such, the directors are confident that the Group's future operations will be successful and able to generate sufficient cash flows in order to meet its obligations as they fall due over the next twelve months. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

Basis of consolidation

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

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

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

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

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 April 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1 April 2010

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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

Basis of consolidation *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries prior to 1 April 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

Business combinations

Business combinations that took place on or after 1 April 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another standard.

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

Business combinations *(Continued)*

Business combinations that took place prior to 1 April 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The minority interest in the acquiree was initially measured at the minority interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

Subsidiaries

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

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

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

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

Subsidiaries *(Continued)*

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

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

Joint venture companies

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

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

A joint venture company is treated as:

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

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

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

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

Jointly controlled entity

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

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

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

Associated companies

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

From 1 April 2010 onwards, upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

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

Foreign currencies

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Hong Kong dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange translation reserve (attributed to non-controlling interests as appropriate).

From 1 January 2010 onwards, on the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the acquisition.

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

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

Property, plant and equipment

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

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

Leasehold improvements	Over the terms of lease or 3 years, whichever is shorter
Machinery	$33^1/_3$%
Motor vehicles	20%
Furniture, fixtures and office equipment	20%
Tools and equipment	20%

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

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

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

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

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

Construction contracts

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

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

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

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

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

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

Trade and other receivables

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

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

Cash and cash equivalents

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

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Taxation

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

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

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

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

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

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

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

Employee benefits

(i) Employment Ordinance long service payments

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

(ii) Retirement benefits schemes

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

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

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

Revenue recognition

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

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

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

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

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

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

Revenue recognition *(Continued)*

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

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

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

Dividends

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

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

Financial instruments

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

Financial assets

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

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

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

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

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

AFS financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. Where the financial asset is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including accounts receivable, other receivables, amount due from a jointly controlled entity and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at financial assets at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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

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

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

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

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

Financial liabilities and equity instruments

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

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

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of and entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

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

Effective interest method

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

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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

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

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL (Continued)

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

Other financial liabilities

Other financial liabilities (including loan from shareholders, accounts payable, amount due to a jointly controlled entity and other payables and accruals) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

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

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

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

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

Leases

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

The Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Contingent assets and liabilities

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

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

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

Related party

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

Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

4. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	The Group	
	2011	2010
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**49,155**	101,299
Financial liabilities		
Amortised cost	**80,365**	119,150

(b) Financial risk management objectives and policies

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

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

4. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Market risk

(i) Foreign currency risk management

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

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

	Liabilities		Assets	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**2,197**	–	**11,875**	11,417
CAD	**6,506**	6,150	**–**	–

Sensitivity analysis on foreign currency risk management

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

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

4. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Market risk *(Continued)*

(i) Foreign currency risk management (Continued)

	2011 HK$'000	2010 HK$'000
Impact of RMB		
Profit or loss (Note i)	**(484)**	(571)
Impact of CAD		
Profit or loss (Note ii)	**325**	308

Notes:

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

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

(ii) Interest rate risk management

The Group's interest rate risk arises from interest-bearing borrowings. Loan from a related party as disclosed in Note 28, which issued at fixed rates expose the Group to fair value interest rate risk. The Group did not enter into interest rate swap to hedge against its exposures to changes in fair values of the borrowings.

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

The Group's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note.

4. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Credit risk

As at 31 March 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge their obligations by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

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

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

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

Liquidity risk

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

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

4. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Liquidity risk *(Continued)*

The Group:

At 31 March 2011

	Weighted average effective interest rate %	Within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Accounts payable	–	9,013	–	–	9,013	9,013
Loan from shareholders	–	4,000	45,778	–	49,778	49,778
Other payables and accruals	3.50	21,571	–	–	21,571	21,571
Amount due to a jointly controlled entity	–	3	–	–	3	3
		34,587	45,778	–	80,365	80,365

At 31 March 2010

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

4. FINANCIAL RISK MANAGEMENT *(Continued)*

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

Liquidity risk *(Continued)*

The Company:

At 31 March 2011

	Weighted average effective interest rate %	Within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Loan from shareholders	–	1,500	43,778	–	45,278	45,278
Other payables and accruals	3.50	7,793	–	–	7,793	7,793
Amounts due to subsidiaries	–	31,185	–	–	31,185	31,185
		40,478	43,778	–	84,256	84,256

At 31 March 2010

	Weighted average effective interest rate %	Within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Loan from shareholders	2.15	4,161	42,705	–	46,866	46,866
Other payables and accruals	3.50	9,919	–	–	9,919	9,919
Amounts due to subsidiaries	–	32,538	–	–	32,538	32,538
		46,618	42,705	–	89,323	89,323

4. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Fair value estimation

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

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

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

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

Fair value measurements recognised in the consolidated statement of financial position.

The Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

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

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

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

There was the transfer between Levels 1 and 2 in both years.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt (which include loan from shareholders and amounts due to related parties), and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and issuance of new shares as well as the addition of new borrowings.

Gearing ratio

The gearing ratios at 31 March 2011 and 31 March 2010 were as follows:

	2011 **HK$'000**	2010 HK$'000
Debt (note (a))	**59,457**	58,613
Asset (note (b))	**89,634**	171,028
Gearing ratio	**66.33%**	34.27%

Notes:

(a) Debt comprises amount due to related parties and loan from shareholders as detailed in Notes 28 and 29 respectively.

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

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

(a) Income taxes

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

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

(b) Impairment of property, plant and equipment

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

(c) Fair value estimation

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

(d) Impairment of accounts receivable

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

(e) Impairment for goodwill

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

The carrying amount of goodwill as at 31 March 2011 was approximately HK$15,139,000 (2010: HK$32,810,000). Details of the impairment loss calculation are disclosed in Note 18.

(f) Construction contracts

The Group recognises contract revenue and profit of a construction contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works. Notwithstanding that the management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

7. SEGMENT INFORMATION

For the purposes of resources allocation and performance assessment, information reported to the chief operating decision maker of the Company, specifically focuses on the performance of building construction, restoration, repairs and maintenance and advertising services. The Group's operating and reportable segments are therefore as follows:

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

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

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

Segment revenues and results

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

	Building construction		Renovation, repairs and maintenance		Advertising		Consolidated	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Segment revenue:								
Contract revenue from external customers	**16,781**	52,894	**28,255**	92,641	**2,196**	2,149	**47,232**	147,684
Segment results	**(8,233)**	(65,433)	**(10,759)**	3,219	**(11,838)**	(10,271)	**(30,830)**	(72,485)
Interest income							**104**	2,031
Unallocated gains							**7,328**	384
Share of (loss)/profits of a jointly controlled entity							**(5)**	460
Gain on disposals of subsidiaries							**24,020**	–
Impairment loss in respect of interest in a jointly controlled entity							**(288)**	–
Central administration costs							**(26,711)**	(19,824)
Loss from operating activities							**(26,382)**	(89,434)
Finance costs							**(258)**	(1,997)
Loss before taxation							**(26,640)**	(91,431)
Taxation							**–**	(255)
Loss for the year							**(26,640)**	(91,686)

7. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

There were no inter-segment sales during the year (2010: Nil). Segment profit represents the profit earned without allocation of central administration costs including directors' salaries, investment and other income, gain on disposals of subsidiaries, share of results of a jointly controlled entity, impairment loss in respect of interest in a jointly controlled entity, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment:

	Building construction		Renovation, repairs and maintenance		Advertising		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**6,641**	68,415	**15,051**	19,819	**39,326**	51,167	**61,018**	139,401
Unallocated assets							**28,616**	31,627
							89,634	171,028
Segment liabilities	**3,388**	67,658	**13,107**	13,332	**4,454**	3,459	**20,949**	84,449
Unallocated liabilities							**64,534**	60,111
							85,483	144,560

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

- all assets are allocated to reportable segments other than the item of unallocated assets.
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities, other financial liabilities and loan from shareholders.

7. SEGMENT INFORMATION *(Continued)*

Other segment information

	Building construction		Renovation, repairs and maintenance		Advertising		Unallocated		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Depreciation	**–**	1	**22**	33	**8,824**	3,504	**86**	50	**8,932**	3,588
Additions to non-current assets	**–**	–	**78**	–	**2,679**	965	**38**	305	**2,795**	1,270
Impairment loss in respect of accounts receivable	**–**	40,642	**–**	–	**–**	–	**–**	–	**–**	40,642
Impairment loss in respect of other receivable	**–**	675	**–**	–	**–**	–	**–**	–	**–**	675
Impairment loss in respect of goodwill	**–**	–	**–**	–	**17,671**	4,000	**–**	–	**17,671**	4,000
Impairment loss in respect of interest in a jointly controlled entity	**–**	–	**–**	–	**–**	–	**288**	–	**288**	–

Geographical segments

The Group operates in two principal geographical areas – Hong Kong and the PRC.

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

	Hong Kong		The PRC		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**31,468**	118,810	**15,764**	28,874	**47,232**	147,684
Non-current assets	**13,676**	33,461	**3,564**	9,480	**17,240**	42,941

7. SEGMENT INFORMATION *(Continued)*

Revenue from its major services

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

	2011 HK$'000	2010 HK$'000
Building construction	**16,781**	52,894
Renovation, repairs and maintenance	**28,255**	92,641
Advertising	**2,196**	2,149
	47,232	147,684

Information about major customer

Includes in revenues arising renovation, repairs and maintenance of approximately HK$28,255,000 (2010: HK$92,641,000) are revenues of approximately HK$8,000,000 (2010: HK$55,410,000) which arose from sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue for both 2011 and 2010.

8. TURNOVER AND OTHER REVENUE

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

An analysis of turnover and other revenue is as follows:

	2011 HK$'000	2010 HK$'000
Turnover:		
Contract revenue	**45,036**	145,535
Advertising income	**2,196**	2,149
	47,232	147,684
Other revenue:		
Bank interest income	**85**	83
Other interest income	**19**	1,948
Rental income	**30**	15
Refund of legal and professional fees	**5,993**	–
Sundry income	**419**	335
	6,546	2,381

9. LOSS FROM OPERATING ACTIVITIES

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

	2011 HK$'000	2010 HK$'000
Auditors' remuneration	**580**	580
Depreciation	**8,932**	3,588
Amounts classified as cost of sales	**(8,665)**	(3,165)
	267	423
Impairment loss in respect of accounts receivable	**–**	40,642
Impairment loss in respect of other receivables	**–**	675
Impairment loss in respect of goodwill	**17,671**	4,000
Impairment loss in respect of interest in a jointly controlled entity	**288**	–
Staff costs (excluding directors' remuneration)		
– wages and salaries	**6,479**	16,211
– pension scheme contributions	**166**	481
	6,645	16,692
Less: Amount of staff costs classified as costs	**(2,754)**	(8,961)
	3,891	7,731
Minimum lease payments under operating leases:		
– Land and buildings	**490**	2,116
Legal and professional fees	**5,074**	13,353
Loss on disposal of property, plant and equipment	**–**	292
Transfer from equity on disposals of available-for-sale financial assets	**–**	851
and after crediting:		
Other income:		
Dividend income	**–**	23
Bad debts recovered	**–**	11
Gain on disposal of property, plant and equipment	**5**	–
Waiver of loan interest payable to a shareholder	**881**	–
	886	34

10. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Bank interest	–	1
Interest on shareholders' loans	–	1,952
Interest on amount due to a related party	258	–
Imputed interest on convertible notes	–	44
	258	1,997

11. DIRECTORS' REMUNERATION

The remuneration of every director for the year ended 31 March 2011 and 2010, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Fees		Salaries and other benefits		Performance related incentive payments		Retirement benefits scheme contributions		Total	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Executive Directors										
Mr. Hui Chi Yung	–	–	654	895	–	–	9	7	663	902
Mr. Hui Kau Mo	–	–	–	–	–	–	–	–	–	–
Mr. Yiu Kai Yeuk, Raphael (resigned on 23 April 2010)	–	–	–	1,817	–	–	–	1	–	1,818
	–	–	654	2,712	–	–	9	8	663	2,720
Independent Non-Executive Directors										
Dr. Hu Chung Kuen, David	20	20	–	–	–	–	–	–	20	20
Mr. Liu Kwong Sang	20	20	–	–	–	–	–	–	20	20
Mr. Sit Hing Wah	20	20	–	–	–	–	–	–	20	20
	60	60	–	–	–	–	–	–	60	60
	60	60	654	2,712	–	–	9	8	723	2,780

11. DIRECTORS' REMUNERATION *(Continued)*

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

	Number of directors	
	2011	2010
Nil – HK$1,000,000	**6**	5
HK$1,500,001 – HK$2,000,000	**–**	1
	6	6

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2010: Nil).

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2010: Nil).

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2010: two) director. Details of whose remuneration are set out in Note 11 to the consolidated financial statements. The details of the remuneration of the remaining four (2010: three) non-director, highest paid employees are as follows:

	2011 **HK$'000**	2010 HK$'000
Salaries, allowances and benefits in kind	**1,988**	1,868
Pension scheme contributions	**46**	36
	2,034	1,904

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

	Number of employees	
	2011	2010
Nil – HK$1,000,000	**4**	3

13. TAXATION

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong during the year ended 31 March 2011 (2010: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2011 HK$'000	2010 HK$'000
Current taxation:		
Provision for taxation	–	–
Under provision in prior years – Hong Kong	–	286
	–	286
Deferred taxation:		
Reversal during the year (Note 30)	–	(31)
	–	255

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

	2011					
	Hong Kong		PRC		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Loss before taxation	(10,962)		(15,678)		(26,640)	
Tax at applicable tax rate	(1,808)	(16.5)	(3,920)	(25.0)	(5,728)	(21.5)
Tax effect of expenses not deductible for tax purposes	31,393	286.3	–	–	31,393	117.8
Tax effect of income not taxable for tax purposes	(33,140)	(302.3)	–	–	(33,140)	(124.4)
Tax effect of tax losses not recognised	3,571	32.6	3,920	25.0	7,491	28.1
Utilisation of tax losses previously not recognised	(16)	(0.1)	–	–	(16)	(0.1)
Tax charge at the Group's effective rate	–	–	–	–	–	–

13. TAXATION *(Continued)*

The Group *(Continued)*

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

14. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from ordinary activities attributable to shareholders for the year ended 31 March 2011 dealt with in the financial statements of the Company is approximately HK$1,617,000 (2010: net loss of approximately HK$6,653,000).

15. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2011 (2010: Nil).

16. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amount is based on the loss for the year attributable to owners of the Company of approximately HK$21,534,000 (2010: HK$87,310,000) and the weighted average number of ordinary shares in issue during the year of 1,553,830,000 (2010: 1,545,501,233).

Diluted loss per share for the year ended 31 March 2011 and 2010 was the same as basic loss per share as there was no dilutive potential ordinary share.

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements HK$'000	Machinery HK$'000	Motor vehicles HK$'000	Furniture, fixture and office equipment HK$'000	Tools and equipment HK$'000	Total HK$'000
Cost or valuation:						
At 1 April 2009	430	14,164	428	2,489	239	17,750
Additions	–	848	300	122	–	1,270
Disposals	(345)	(8)	(211)	(200)	–	(764)
Exchange difference	2	67	1	5	–	75
At 31 March 2010 and 1 April 2010	87	15,071	518	2,416	239	18,331
Additions	52	2,679	–	56	8	2,795
Disposals	–	–	(177)	(74)	–	(251)
Disposals of subsidiaries	–	–	–	(103)	(122)	(225)
Reclassified as held for sale (Note 26)	–	–	–	(118)	–	(118)
Exchange difference	–	870	5	50	–	925
At 31 March 2011	139	18,620	346	2,227	125	21,457
Accumulated depreciation:						
At 1 April 2009	87	3,080	83	1,692	239	5,181
Provided during the year	129	3,164	76	219	–	3,588
Written back on disposals	(129)	–	(84)	(57)	–	(270)
Exchange difference	–	–	–	1	–	1
At 31 March 2010 and 1 April 2010	87	6,244	75	1,855	239	8,500
Provided during the year	5	8,665	66	195	1	8,932
Written back on disposals	–	–	(47)	(59)	–	(106)
Eliminated on disposal of subsidiaries	–	–	–	(102)	(122)	(224)
Eliminated on reclassification as held for sale (Note 26)	–	–	–	(104)	–	(104)
Exchange difference	–	538	1	16	–	555
At 31 March 2011	92	15,447	95	1,801	118	17,553
Net book value:						
At 31 March 2011	**47**	**3,173**	**251**	**426**	**7**	**3,904**
At 31 March 2010	–	8,827	443	561	–	9,831

The directors of the Company revised the estimated useful life of machinery from 5 years to 3 years with effect from 1 April 2010. The revision was accounted for prospectively on a change in accounting estimates and as a result, the depreciation charge of the Group for the current year have been increased by approximately HK$4,815,000.

18. GOODWILL

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

The Group

	HK$'000
Cost:	
At 1 April 2009, 31 March 2010 and 1 April 2010	59,633
Reclassified as held for sale (Note 26)	(1,810)
At 31 March 2011	57,823
Accumulated impairment:	
At 1 April 2009	22,823
Impairment loss recognised	4,000
At 31 March 2010 and 1 April 2010	26,823
Impairment loss recognised	17,671
At 31 March 2011	44,494
Net book value:	
At 31 March 2011	**13,329**
At 31 March 2010	32,810

Particulars regarding impairment testing on goodwill are disclosed below:

Before recognition of impairment losses, the carrying amount of goodwill was allocated to cash-generating units ("CGU") as follows:

	2011 HK$'000	2010 HK$'000
Renovation work	**–**	1,810
Advertising	**57,823**	57,823
	57,823	59,633

18. GOODWILL *(Continued)*

Advertising

The recoverable amount of CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 16.39% per annum. Cash flows beyond that five-year period have been extrapolated using a steady 2% per annum growth rate. This growth rate does not exceed the long-term average growth rate for the market in which the advertising operation is dedicated.

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

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

Budgeted gross margins – Average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements.

19. INTERESTS IN SUBSIDIARIES

	The Company 2011 HK$'000	2010 HK$'000
Unlisted investments, at cost	**107,848**	107,848
Less: Impairment loss recognised (note ii)	**(107,848)**	(107,848)
	–	–
Amounts due from subsidiaries (note i)	**90,789**	217,845
Less: Impairment loss recognised (note ii)	**(56,636)**	(127,034)
	34,153	90,811

Notes:

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

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

(iii) Amounts due to subsidiaries are unsecured, interest-free and have no fixed date of repayment.

Particulars of the principal subsidiaries are as follows:

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

19. INTERESTS IN SUBSIDIARIES *(Continued)*

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

Notes:

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

\# Wing Hong Construction Limited was disposed of on 19 October 2010. For details of disposal, please refer to Note 35(a).

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

20. INTEREST IN A JOINTLY CONTROLLED ENTITY

The Group

	2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	–	–
Share of post-acquisition profits and other comprehensive income, net of dividends received	295	300
	295	300
Less: Impairment loss recognised (note (i))	(288)	–
	7	300
Amount due from a jointly controlled entity (note (ii))	–	160
Amount due to a jointly controlled entity (note (ii))	3	–

Notes:

(i) The carrying amount of cost of investment in a jointly controlled entity is reduced to its recoverable amount which was estimated to be less than its carrying amount.

(ii) Amount due from/(to) a jointly controlled entity is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the jointly controlled entity are as follows:

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

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

20. INTEREST IN A JOINTLY CONTROLLED ENTITY *(Continued)*

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

	2011 **HK$'000**	2010 HK$'000
Non-current assets	**4**	8
Current assets	**10**	346
Current liabilities	**–**	(330)
	14	24
Turnover	**–**	–
Net (loss)/profit for the year	**(10)**	920
(Loss)/profit attributable to the Group	**(5)**	460

21. INTEREST IN AN ASSOCIATE

	The Group	
	2011 **HK$'000**	2010 HK$'000
Share of post-acquisition profits and other comprehensive income, net of dividends received	**–**	–

Particulars of the associate are as follows:

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

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

21. INTEREST IN AN ASSOCIATE *(Continued)*

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

	2011 HK$'000	2010 HK$'000
Total assets	**731**	731
Total liabilities	**(907)**	(907)
	(176)	(176)
Group's share of net liabilities of the associate	**(54)**	(54)
Turnover	**–**	–
Loss for the year	**–**	–

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

	The Group	
	2011 HK$'000	2010 HK$'000
Amount due from customers for contract work	**7,192**	26,788
Amount due to customers for contract work	**–**	(25,208)
	7,192	1,580
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses to date	**245,688**	2,368,618
Less: Progress billings	**(238,496)**	(2,367,038)
	7,192	1,580

23. ACCOUNTS RECEIVABLE

	The Group	
	2011 HK$'000	2010 HK$'000
Within 30 days	**830**	5,220
31 – 90 days	**–**	44
91 – 180 days	**–**	305
Over 180 days	**–**	20,944
	830	26,513
Less: Impairment loss in respect of accounts receivable	**–**	(24)
	830	26,489

23. ACCOUNTS RECEIVABLE *(Continued)*

Notes:

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

(b) The movements in impairment loss in respect of accounts receivable were as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
At the beginning of the year	**24**	24
Impairment loss in respect of accounts receivable	**–**	40,642
Amounts written off as uncollectible	**(24)**	(40,642)
At the end of the year	**–**	24

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

	The Group	
	2011	2010
	HK$'000	HK$'000
91 – 180 days	**–**	305
Over 180 days	**–**	20,944
Total	**–**	21,249

Interim applications for progress payments for contract works are normally made on a monthly basis. The Group allows an average credit period of 60 days to its contract customers. For retention money receivables in respect of contract works, the due dates are usually not more than three months after the issue of statements of the final accounts of the contract works. As at 31 March 2011, no retentions held by customers for contract work were included in accounts receivable (2010: Nil).

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

23. ACCOUNTS RECEIVABLE *(Continued)*

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

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		**The Company**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**1,776**	181	**148**	181
Deposits and other receivables	**32,255**	36,091	**1**	1
	34,031	36,272	**149**	182

Included in the Group's deposits and other receivables as at 31 March 2011 and 2010 is an amount of approximately HK$10,400,000, due from a subcontractor (the "Subcontractor") of the Group, representing the costs incurred on behalf of the Subcontractor in relation to a civil engineering works contract (the "Contract") granted by the Civil Engineering Department of the HKSAR Government to the Group. Due to the unsatisfactory performance of the Subcontractor, and pursuant to a supplemental agreement signed between the Group and the Subcontractor in December 2002, the Group had incurred additional costs to engage other subcontractors to rectify the defects, to complete the incomplete subcontracted works of the Subcontractor and to pay on behalf of the Subcontractor's material, labour and related expenses, in order to proceed and complete the subcontracted works. According to the aforesaid supplemental agreement, the Group is entitled to recover from the Subcontractor the aforesaid costs incurred. During the year ended 31 March 2005, the Subcontractor denied the amount payable to the Group and the Group has commenced arbitration proceedings against the Subcontractor to recover the amount due. After consultation with the Group's legal advisors, the directors consider that the Group has valid grounds to recover the amount due from the Subcontractor. However, it is uncertain at this stage as to the outcome of the arbitration and hence the recoverability of the receivable due from the Subcontractor.

25. CASH AND CASH EQUIVALENTS

At 31 March 2011, cash and cash equivalents of the Group included currencies denominated in RMB amounted to approximately HK$85,000 (2010: HK$10,029,000) which is not freely convertible into other currencies.

At 31 March 2011, currencies denominated in RMB amounted to approximately HK$10,526,000 (2010: Nil) were included in assets classified as held for sale (Note 26).

26. ASSETS CLASSIFIED AS HELD FOR SALE

	The Group	
	2011	2010
	HK$'000	HK$'000
Assets related to a subsidiary – Jinjiang Wing Hong	**14,151**	–
Liabilities directly associated with assets classified as held for sale	**5,111**	–

Pursuant to the agreement signed between WH China, a wholly-owned subsidiary of the Company and Keen Honour International Limited ("Keen Honour") on 21 January 2011, WH China has conditionally agreed to sell and Keen Honour has conditionally agreed to purchase 73% equity interest in Jinjiang Wing Hong, which represented the entire interest of WH China in Jinjiang Wing Hong for a cash consideration of RMB8,760,000 (equivalent to approximately HK$10,340,000). The disposal is subjected to the approval by Shanghai Municipal Commission of Commerce and the management expected that the transaction will be completed on or in coming twelve months. The major classes of assets and liabilities of Jinjiang Wing Hong at the end of the reporting period are as follows:

	HK$'000
Goodwill	1,810
Property, plant and equipment	14
Amount due from customers for contract work	540
Accounts receivable	447
Prepayments, deposits and other receivables	814
Cash and bank balances	10,526
Assets classified as held for sale	14,151
Amount due to customers for contract work	(5,035)
Other payables and accruals	(28)
Tax payable	(48)
Liabilities of Jinjiang Wing Hong directly associated with assets classified as held for sale	(5,111)
Net assets classified as held for sale	9,040

27. ACCOUNTS PAYABLE

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

	The Group	
	2011	2010
	HK$'000	HK$'000
Within 30 days	**5,462**	4,228
31 – 90 days	**40**	–
91 – 180 days	**2,847**	17
Over 180 days	**664**	38,723
	9,013	42,968

As at 31 March 2011, no retentions payable are included in accounts payable under current liabilities (2010: Nil).

28. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other payables and accruals	**11,892**	17,569	**288**	2,672
Amounts due to related parties (Note)	**9,679**	7,247	**7,505**	7,247
	21,571	24,816	**7,793**	9,919

Note:

The amounts due to related parties amounting to:

(i) a principal sum of HK$6,000,000 (2010: HK$6,000,000) which was granted by Mrs. Hui, spouse of Mr. Hui Kau Mo. Mr. Hui Kau Mo is a director of the Company. The amount due is unsecured, bear interest at 3.5% per annum and with no fixed term of repayment.

(ii) an amount of approximately HK$2,174,000 (2010: Nil) which was granted by Mr. Samson Hui, son of Mr. Hui Kau Mo. The amount is unsecured, interest-free and with no fixed terms of repayment.

29. LOAN FROM SHAREHOLDERS

The Group

As at 31 March 2011, shareholders' loan amounting to approximately HK$42,998,000 (2010: HK$42,705,000) and HK$6,780,000 (2010: HK$8,661,000) were granted to the Group by Rich Place and Million Honest Limited ("Million Honest"), respectively.

On 26 October 2008, the loan from Rich Place was expired and the new principal loan amount of HK$36,151,000 was granted to the Company. The amount due was unsecured, bear interest at 7% and repayable on 25 October 2010. Rich Place then agreed to accept the revision of interest rate of its loan from 7% to Nil with effect from 25 October 2009. On 31 March 2011, Rich Place has agreed not to demand the repayment of the principal amount together with the accrued interest of approximately HK$42,998,000 for at least twelve months from the end of the reporting period.

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

On 26 October 2008, the loan from Million Honest was expired and the new principal loan amount of HK$3,881,000 was granted to the Company. The amount due was unsecured, bear interest at 7% and repayable on 25 October 2010. Million Honest then agreed to accept the revision of interest rate of its loan from 7% to Nil with effect from 25 October 2009. During the year ended 31 March 2011, interest payable of approximately HK$881,000 was agreed to be waived between Million Honest and the Company, and HK$1,000,000 was repaid by the Company. Pursuant to the repayment schedule agreed between Million Honest and the Company on 2 February 2011, amount of HK$1,500,000 is classified as current liabilities due to its short-term maturity date.

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

The Company

As at 31 March 2011, shareholders' loan amounting to approximately HK$42,998,000 (2010: HK$42,705,000) and HK$2,280,000 (2010: HK$4,161,000) were granted to the Company by Rich Place and Million Honest respectively.

On 26 October 2008, the loan from Rich Place was expired and the new principal loan amount of HK$36,151,000 was granted to the Company. The amount due was unsecured, bear interest at 7% and repayable on 25 October 2010. Rich Place then agreed to accept the revision of interest rate of its loan from 7% to Nil with effect from 25 October 2009. On 31 March 2011, Rich Place has agreed not to demand the repayment of the principal amount together with the accrued interest of approximately HK$42,998,000 for at least twelve months from the end of the reporting period.

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

29. LOAN FROM SHAREHOLDERS *(Continued)*

The Company *(Continued)*

On 26 October 2008, the loan from Million Honest was expired and the new principal loan amount of HK$3,881,000 was granted to the Company. The amount due was unsecured, bear interest at 7% and repayable on 25 October 2010. Million Honest then agreed to accept the revision of interest rate of its loan from 7% to Nil with effect from 25 October 2009. During the year ended 31 March 2011, interest payable of approximately HK$881,000 was agreed to be waived between Million Honest and the Company, and HK$1,000,000 was repaid by the Company. Pursuant to the repayment schedule agreed between Million Honest and the Company on 2 February 2011, amount of HK$1,500,000 is classified as current liabilities due to its short-term maturity date.

30. DEFERRED TAXATION

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

The Group

	Accelerated tax depreciation HK$'000	**Convertible notes** HK$'000	**Total** HK$'000
At 1 April 2009	17	14	31
Credited to consolidated statement of comprehensive income	(17)	(14)	(31)
At 31 March 2010, 1 April 2010 and 31 March 2011	–	–	–

30. DEFERRED TAXATION *(Continued)*

The Company

	Convertible notes HK$'000
At 1 April 2009	14
Credited to statement of comprehensive income	(14)
At 31 March 2010, 1 April 2010 and 31 March 2011	**–**

The Group has tax losses arising in Hong Kong and PRC of approximately HK$58,341,000 (2010: HK$177,596,000). Tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Tax losses arising in PRC may be carried forward for a maximum for five years. Deferred tax assets had not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time, and it is uncertain that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

31. SHARE CAPITAL

Changes in authorised capital and issued capital of the Company took place during the years ended 31 March 2011 and 2010 are summarised as follows:

	Notes	**Number of ordinary shares**	**Nominal value of ordinary shares** HK$'000
Authorised (ordinary shares of HK$0.01 each):			
At 1 April 2009, 31 March 2010 and 31 March 2011		**10,000,000,000**	**100,000**
Issued (ordinary shares of HK$0.01 each):			
At 1 April 2009		1,533,830,000	15,338
Conversion of convertible notes	32	20,000,000	200
At 31 March 2010, 1 April 2010 and 31 March 2011		**1,553,830,000**	**15,538**

Share options

Details of the Company's share option scheme are included in Note 33 to the consolidated financial statements.

32. CONVERTIBLE NOTES

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

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

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

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

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

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

33. SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

No share option was granted, exercised, cancelled or lapsed under the Scheme during the years ended 31 March 2011 and 2010.

34. RESERVES

(a) The Group

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

(b) The Company

	Share premium account HK$'000	Capital reserve HK$'000	Convertible notes reserve HK$'000	Available-for-sale financial assets fair value reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2009	111,746	107,648	83	(9)	979	220,447
Loss for the year	–	–	–	–	(214,534)	(214,534)
Other comprehensive income for the year	–	–	–	9	–	9
Total comprehensive loss for the year	–	–	–	9	(214,534)	(214,525)
Conversion of convertible notes	1,292	–	(83)	–	–	1,209
At 31 March 2010 and 1 April 2010	113,038	107,648	–	–	(213,555)	7,131
Loss for the year	–	–	–	–	(65,978)	(65,978)
Other comprehensive loss for the year	–	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	–	(65,978)	(65,978)
At 31 March 2011	**113,038**	**107,648**	**–**	**–**	**(279,533)**	**(58,847)**

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

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

35. DISPOSAL OF SUBSIDIARIES

(a) On 19 October 2010, the Group disposed of its equity interest in Wing Hong Construction Limited to Keen Fortune Investments Limited at a consideration of approximately HK$100,000. The disposal of Wing Hong Construction Limited was completed on 19 October 2010.

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	1
Accounts receivable	27,414
Prepayments, deposits and other receivables	1
Cash and bank balances	765
Accounts payables	(49,192)
Amounts due to customers for contract work	(416)
Other payables and accruals	(1,322)
Amount due to an intermediate holding company	(68)
Amounts due to fellow subsidiaries	(1,103)
Net liabilities disposed of	(23,920)
Gain on disposal of subsidiary:	
Consideration received	100
Net liabilities disposed of	23,920
Gain on disposal	24,020
Net cash outflow on disposal of a subsidiary:	
Consideration received in cash and cash equivalents	100
Less: Cash and cash equivalents disposed of	(765)
	(665)

35. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) On 3 December 2010, the Group disposed of its equity interest in Kofit Properties Limited to Keen Fortune Investments Limited at a consideration of approximately HK$1,000. The disposal of Kofit Properties Limited was completed on 3 December 2010.

Analysis of assets over which control was lost:

	HK$'000
Prepayments, deposits and other receivables	1
Net assets disposed of	1
Gain on disposal of subsidiary:	
Consideration received	1
Net assets disposed of	(1)
Gain on disposal	–
Net cash inflow on disposal of a subsidiary:	
Consideration received in cash and cash equivalents	1
Less: Cash and cash equivalents disposed of	–
	1

36. CONTINGENT LIABILITIES

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

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

36. CONTINGENT LIABILITIES *(Continued)*

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

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

(c) On 26 October 2010, a subsidiary of the Group received a statement of claim from a subcontractor in respect of a claim against the subsidiary of the Group in respect of the construction project at No. 60 Victoria Road project. The amount of claim was approximately HK$204,000. Since the date and up to the date of approval of these consolidated financial statements, the arbitration has not yet commenced.

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

(d) On 1 June 2011, a subsidiary of the Group received a statement of claim from a subcontractor in respect of a claim against the subsidiary of the Group in respect of the construction project at Tsing Yi, Hong Kong. The amount of claim was approximately HK$1,602,000. Since the date and up to the date of approval of these consolidated financial statements, the arbitration has not yet commenced.

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

Save as disclosed above and elsewhere in the consolidated financial statements, as at 31 March 2011, the Group and the Company had no other material contingent liabilities.

37. OPERATING LEASE COMMITMENTS

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

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

	The Group	
	2011	2010
	HK$'000	HK$'000
Within one year	**712**	507
In the second to fifth years, inclusive	**205**	187
	917	694

38. CAPITAL COMMITMENTS

	The Group	
	2011	2010
	HK$'000	HK$'000
Commitments for the capital injection to a subsidiary contracted but not provided for	**81,764**	77,805

39. MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Key management personnel

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

	The Group	
	2011	2010
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**2,697**	4,624

39. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions carried out with related parties

		The Group	
	Notes	**2011 HK$'000**	2010 HK$'000
Renovation fees received from Shanghai Jinjiang International Industry Development Co. Ltd ("Shanghai Jinjiang") and its associates	(i)	**3,792**	3,879
Operating leases receivable from Maximizer Asia (Shanghai) Ltd	(ii)	**–**	17
Advertising expenses paid to Speedy Well Limited	(iii)	**–**	30

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

(c) As at 31 March 2011, shareholders' loans amounting to approximately HK$42,998,000 (2010: HK$42,705,000) and approximately HK$6,780,000 (2010: HK$8,661,000) were granted by two shareholders of the Company, Rich Place and Million Honest, respectively. The terms of the shareholders' loans are included in Note 29 to the consolidated financial statements.

Notes:

(i) Shanghai Jinjiang is the non-controlling shareholder of Jinjiang Wing Hong, a subsidiary of the Group. The renovation fees were received in accordance with the terms of the renovation agreements signed between Jinjiang Wing Hong and Shanghai Jinjiang and its associates. These transactions constitute connected transactions under the Listing Rules. Please also refer to "Connected Transactions and Continuing Connected Transactions" under "Report of the Directors".

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

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

40. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 June 2011.

Summary Financial Information

For the year ended 31 March 2011

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

RESULTS

	Year ended 31 March				
	2011 HK$'000	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000
Turnover	**47,232**	147,684	108,038	63,197	64,368
Loss from operating activities	**(26,382)**	(89,434)	(72,671)	(35,140)	(18,656)
Finance costs	**(258)**	(1,997)	(3,641)	(2,311)	(2,528)
Loss before taxation	**(26,640)**	(91,431)	(76,312)	(37,451)	(21,184)
Taxation	**–**	(255)	22	473	48
Loss for the year	**(26,640)**	(91,686)	(76,290)	(36,978)	(21,136)
Attributable to:					
– Owners of the Company	**(21,534)**	(87,310)	(73,827)	(37,055)	(20,411)
– Non-controlling interests	**(5,106)**	(4,376)	(2,463)	77	(725)
	(26,640)	(91,686)	(76,290)	(36,978)	(21,136)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 March				
	2011 HK$'000	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000
Total assets	**89,634**	171,028	281,002	234,164	217,597
Total liabilities	**(85,483)**	(144,560)	(163,097)	(137,786)	(102,490)
Non-controlling interests	**(26,082)**	(29,740)	(34,116)	(2,646)	(2,569)
Net (liabilities)/assets	**(21,931)**	(3,272)	83,789	93,732	112,538

Note: The consolidated results of the Group for the year ended 31 March 2007, 2008, 2009, 2010 and 2011 are those set out in 2010 annual report and this annual report.