CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Hok Yin *(Chairman and Chief Executive Officer)*
Ms. Cheung Pak Sum
Mr. Shen Junchen

Independent Non-Executive Directors

Mr. Chui Man Lung, Everett
Mr. Hui Wah Tat, Anthony
Mr. Li Kam Chung

COMPANY SECRETARY

Mr. Choi Wing Koon

AUTHORISED REPRESENTATIVES

Mr. Li Hok Yin
Ms. Cheung Pak Sum

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.

AUDITORS

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

LEGAL ADVISERS ON HONG KONG LAW

D.S. Cheung & Co. Solicitors
29/F., Bank of East Asia Harbour View Centre,
56 Gloucester Road,
Wanchai
Hong Kong

LEGAL ADVISERS ON BERMUDA LAW

Appleby
2206–19 Jardine House,
1 Connaught Place
Central
Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1901, 19/F
Nina Tower, 8 Yeung Uk Road
Tsuen Wan, New Territories
Hong Kong

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton, HM12
Bermuda

COMPANY WEBSITE

www.whih.com.hk

CHAIRMAN'S STATEMENT

RESULTS

During the financial year 2010/2011, the Group recorded a loss attributable to owners of the Company of approximately HK$21,359,000 or loss of HK1.17 cents per share basic, compared with a loss attributable to owners of the Company for the year 2009/2010 of approximately HK$14,404,000 or basic loss of HK1.17 cents per share.

DIVIDEND

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

BUSINESS REVIEW

During the year under review, the Group has recorded a turnover of the continuing operations approximately HK$43.91 million (2010: HK$26.27 million) which represents an increase of 67% compared with the turnover of the continuing operations recorded in the corresponding period of last year. The Group recorded a net loss from ordinary activities attributable to equity holders of approximately HK$21.36 million compared with a net loss from ordinary activities attributable to equity holders of approximately HK$14.40 million for the corresponding period of last year.

Gold Mining Operation

On 2 July 2010, Longold Win Limited, a wholly-owned subsidiary of the Group completed the acquisition of Long Men Sou Mine, located at Long Men District of the Chicheng County, Hebei Province, the PRC. The Long Men Sou Mine is currently with a mining area of approximately 0.3611 sq. km. and can be accessed by highway.

The production at the Long Men Sou Mine has commenced and revenue from gold mining has been derived from the sale of gold concentrates produced from the Long Men Sou Mine to customers in the PRC. The mine produces in maximum approximately 5 kilograms of gold concentrates per month. The operation of the Long Men Sou Mine was affected by the weather conditions and occasionally machinery breakdown. The Group has incurred approximately of HK$0.5 million for the explorations and development of the mine during the year.

The table below presents the estimated resources of the Group's gold mine as at 31 March 2011:

	Total gold resources	
Gold mining licence	**Ore (tons)**	**Gold metal (kg)**
Long Men Sou Mine	1,399,455	7,420

Remarks:

There has been no material change in the estimated gold resources of Long Men Sou Licence prepared by Department of Land and Resources of Hebei Province in March 2003 and as set out in the table above. This has been substantiated by the management of the Company, taking into account the relevant figures set out in the table above, and the relevant figures in relation to the small scale and short production history of the gold mine.

CHAIRMAN'S STATEMENT

Coal Mining Operations

The Group has acquired five coal mines in Guizhou, the PRC during November 2008. Three of the coal mines which include Shuishan, Tiechong and Xinghe Licences were leased out for generating rental income. The leasing agreements for these three coal licences have been expired during the year. Since the Board intends to dispose the five coal mining licences, the Board is seeking for short-term tenant for the coal mining licences. The Dayan and Lushan Licences have undergone expansion works during the year. The Group has incurred approximately of HK$11 million for the explorations and development of the mine during the year.

The table below presents the estimated reserves and resources of the Group's coal mines as at 31 March 2011:

Coal mining licences	**Total coal reserves** *(tons)*	**Total coal resources** *(tons)*
Tiechong Licence	40,000	5,850,000
Shuishan Licence	—	8,350,000
Lushan Licence	2,820,000	6,620,000
Xinghe Licence	680,000	9,050,000
Dayan Licence	18,980,000	30,920,000
Total	22,520,000	60,790,000

Remarks:

1. Reserves and resources estimates have taken into account the estimated coal reserves and resources of the Group's coal mines prepared by SRK Consulting China, an independent mining engineering consultant, as of 31 March 2008, in accordance with the JORC Code, after deduction of the production for the period from 1 April 2008 to 31 March 2011.

2. There has been no material change in the estimated coal reserves and resources of the Group's coal mines prepared by SRK Consulting China as of 31 March 2008, and the estimated coal reserves and resources of the Group's coal mines as of 31 March 2011 and as set out in the table above.

Loan Guarantee Service Operations

Guizhou Baoxin Investment and Guaranty Co. Ltd. (the "Guaranty Company") was established on 9 April 2010 in Guizhou Province, the People's Republic of China with a registered capital and paid up capital of US$10 million. The major scope of business of the Guaranty Company includes, among other things, (i) providing certain types of guarantees for entities and individuals to obtain various kinds of financing from banks or financial institutions in Guizhou including loans, bills discounting, leases financing and project financing; (ii) providing financing consultancy services relating to the guarantees business; and (iii) making investments.

The Guaranty Company is at the early stage of development, it has not yet contributed any profit for the Group during the year.

CHAIRMAN'S STATEMENT

PROSPECTS

Gold Mining Operation

The Board is optimistic about the function of Gold Mining. Gold is a risk-resistance investment tool. The expectancy to unprecedented hyperinflation in a global scale triggered by the quantitative easing monetary policy of the USA, there will certainly be increasing demand for commodities such as gold, thus owners of gold, among others, will be benefited from the continuous increase in their values. As such, the Directors strategically focus to gold resources sectors and we expect it will bring new prospects and opportunities to the future of the Group.

Pursuant to the acquisition agreement dated 28 January 2011 and the amendment agreement dated 22 March 2011 entered into between the Company, 16 sellers of Taung Gold Limited ("Taung Gold"), Mandra Materials Limited and Gold Commercial Services Limited ("GoldCom") for the acquisition of up to 86.97% of the issued share capital of Taung Gold at consideration up to US$580,000,000. The consideration is to be satisfied by the issue of up to 10,977,630,003 new shares of the Company at the issue price of HK$0.41 per share. Assuming all optionholders of Taung Gold exercise their optionholder put options to sell 80% of their options, an additional 1,009,616,519 new shares will be issued to GoldCom or the optionholders of Taung Gold.

Taung Gold is engaged in the acquisition, exploration and development of mineral assets in respect of gold (and minerals associated with gold) located in the Republic of South Africa. Taung Gold through its wholly-owned subsidiaries holds various rights with respect to the Evander Project, the Jeanette Project, the Hilton Project and the Greenfields Projects. The primary projects of Taung Gold are the Evander project and the Jeanette Project, both projects are located at the Republic of South Africa. The Evander Project and Jeanette Project are advanced gold exploration projects for which scoping studies have been completed and for which pre-feasibility studies and bankable feasibility studies are being commissioned.

According to a competent persons report, the total estimated indicated (or above) gold resources of the Evander Project and the Jeanette Project amount to an aggregate of approximately 12.039 million ounces. The estimated gold resources of the Evander Project and the Jeanette Project are approximately of 24.01 million ounces. Both the Evander Project and the Jeanette Project are not in production stage but each of these projects have completed their scoping studies and have proceed to the pre-feasibility study stage with a clear plan to proceed to production.

The related circular and notice of general meeting will be dispatched to the shareholders of the Company. An extraordinary general meeting will be convened to seek the approval of the shareholders of the Company for the matters contemplated under the very substantial acquisition of Taung Gold (the "Acquisition").

The Acquisition can demonstrate the Group's commitment to continue operating in the gold mining business. The Board's general optimism about the global gold mining industry, the Board sought further opportunities to develop its gold mining business and expand into the gold mining business outside of China.

For the details of the Acquisition, please refer to the announcement of the Company for the Acquisition dated 4 April 2011 which is available for viewing on the website of Hong Kong Exchanges and Clearing Limited website at www.hkexnews.hk under "Latest Listed Companies Information" and on the website of the Company at www.whih.com.hk under "Investors' Relationship".

CHAIRMAN'S STATEMENT

Coal Mining Operations

The Department of Energy of China has initiated the formulation of coal regulations and policies. The Board believes that the costs in the construction and production of coal mine for the coal enterprise will certainly increase, therefore the Group is cautious on the coal mining. Subject to the approval of the Company's shareholders and completion of Acquisition, the Group will dispose the coal mining business and specialize in gold mining business.

On 31 December 2010, the Group has entered into a sale and purchase agreement with an independent third party of the Group for disposal of Tiechong Licence, Shuishan Licence and Lushan Licence each with 90,000 tons of annual production capacity. At the date of this annual report, the disposal of these three licences has not yet completed.

On 4 April 2011, the Company has made an announcement in relation to the Acquisition, the Company agrees and undertakes that it shall enter into an agreement to, within 1 month after the completion of the Acquisition, either (i) dispose of 70% of the issued share capital of Union Sense Development Limited, a subsidiary of the Company; or (ii) procure the disposal of the Dayan Licence and the Xinghe Licence.

Loan Guarantee Service Operations

The Guaranty Company is at the early stage of development of financial guarantee services in the PRC.

Reference is made to the announcement of the Company dated 4 April 2011 in relation to the Acquisition, the Company agrees and undertakes that it shall, following the completion of the Acquisition, enter into an agreement to dispose its 100% of business of providing guarantees to entities and individuals for obtaining bank borrowings in the PRC, and the disposal of Guizhou Baoxin Investment and Guaranty Co. Ltd. within 1 month after the completion of the Acquisition.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2011, the Group had no outstanding bank borrowings (31 March 2010: Nil) and no banking facility (31 March 2010: Nil).

The Group's gearing ratio as at 31 March 2011 was zero (31 March 2010: Zero), calculated based on the Group's total zero borrowings (31 March 2010: Zero) over the Group's total assets of approximately HK$593,231,000 (31 March 2010: HK$346,796,000).

The Group continues to adopt a policy of dealing principally with clients with whom the Group has enjoyed a long working relationship so as to minimize risks in its business.

CHAIRMAN'S STATEMENT

FINANCING

On 5 May 2010, the Company announced that an aggregate of 80,000,000 shares of HK$0.01 each in the capital of the Company were placed to not fewer than six placees, at the placing price of HK$0.50 per placing share, upon completion of the placing agreement dated 26 April 2010 entered into between the Company and VC Brokerage Limited as the placing agent. The net proceeds from the aforesaid placing amounted to approximately HK$39.5 million which were intended to be used for the general working capital of the Group and potential investments.

On 27 January 2011, the Company announced that an aggregate of 346,000,000 shares of HK$0.01 each in the capital of the Company were placed to not fewer than six placees, at the placing price of HK$0.40 per placing share, upon completion of the placing agreement dated 18 January 2011 entered into between the Company and Daily Growth Securities Limited as the placing agent. The net proceeds from the aforesaid placing amounted to approximately HK$135.5 million which were intended to be used for the general working capital of the Group and potential investments.

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 March 2011, the Group mainly operated in Hong Kong and the PRC and the majority of the Group's transactions and balances as at and for the year ended 31 March 2011 was denominated in Hong Kong dollar, Renminbi and United States dollars. However, the directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. Nevertheless, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of shares or other listed securities of the Company or by any of its subsidiaries during the year.

On behalf of the Board of Directors, I would like to express my sincere gratitude to all our customers, shareholders, fellow Board members, senior management and employees for placing their trust in our Company and for the continued support and commitment.

On behalf of the Board

Li Hok Yin
Chairman

Hong Kong, 29 June 2011

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. The principal activities of the subsidiaries comprise the operations of coal mines and gold mine; and leasing of mining licenses in the People's Republic of China (the "PRC") and sale of minerals.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2011 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 25 to 92.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2011.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out below:

RESULTS

	Year ended 31 March				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net (loss)/profit from ordinary activities attributable to owners of the Company	**(21,359)**	(14,404)	(69,184)	8,104	9,519

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	31 March				
	2011	2010	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TOTAL ASSETS	**593,231**	346,796	412,001	584,731	250,588
TOTAL LIABILITIES	**(60,286)**	(4,513)	(187,430)	(280,653)	(86,826)
NON-CONTROLLING INTERESTS	**(75,544)**	(74,689)	(72,473)	(103,003)	(2,951)
	457,401	267,594	152,098	201,075	160,811

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and of the Group during the year are set out in Note 18 to the consolidated financial statements.

SHARE CAPITAL, UNLISTED WARRANTS AND SHARE OPTIONS

Details of the Company's share capital, unlisted warrants and share options are set out in Notes 28, 29(b) and 31 to the consolidated financial statements respectively.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in Note 29 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2011, the Company had no reserves available for cash distribution and/or distribution in specie to shareholders of Company. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus may only be distributed in certain circumstances which the Company is presently unable to meet. In addition, the Company's share premium account with a balance of approximately HK$274,183,000 as at 31 March 2011 may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers accounted for 99% and the largest customer accounted for approximately 78% of the Group's total turnover for the year. Purchases from the Group's largest supplier accounted for 100% of the Group's total purchases for the year.

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 abovementioned customers or suppliers.

DIRECTORS

The directors of the Company during the year were:

Executive Directors:
Mr. Li Hok Yin *(Chairman and Chief Executive Officer)*
Ms. Cheung Pak Sum (Appointed on 20 April 2010)
Mr. Shen Junchen
Ms. Leung Pui Kwan (Resigned on 1 September 2010)

Non-Executive Director:
Ms. Yuen Sau Ying, Christine (Resigned on 28 June 2010)

Independent Non-Executive Directors:
Mr. Chui Man Lung, Everett (Appointed on 20 April 2010)
Mr. Hui Wah Tat, Anthony
Mr. Li Kam Chung
Mr. Chan Kam Fuk (Resigned on 20 April 2010)

In accordance with the Bye-law 98 of the Company's Bye-laws, Mr. Shen Junchen and Mr. Hui Wah Tat, Anthony shall retire from office, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Li Hok Yin, aged 33, is the Chairman, Chief Executive Officer and an Executive Director of the Company. He was previously the Investment Manager of Cheever Capital Management (Asia) Ltd., a substantial shareholder (as defined in the Listing Rules) of the Company, from September 2007 to December 2009. He was the Territory Manager of Ecolab Ltd, a company listed on the New York Stock Exchange, from March 2004 to July 2007. He also obtained a Bachelor of Engineering degree from The Chinese University of Hong Kong. Mr. Li was appointed as an Executive Director of the Company on 8 January 2010 and becomes the chairman on 1 September 2010.

Ms. Cheung Pak Sum, aged 34, was appointed as an Executive Director of the Company on 20 April 2010. She is the Head of Human Resources and Administration of the Company and the legal representative of two subsidiaries of the Company. She is well experienced in the areas of Human Resources and Administration. She was the senior administration officer of Pineview Industries Limited, a listed company on the Stock Exchange, from May 2006 to May 2008.

Mr. Shen Junchen, aged 40, is an Executive Director. Mr. Shen holds a master of business administration degree from Asia International Open University (Macau). He has over 16 years of experience in coal mining industry. Mr. Shen was appointed as an Executive Director of the Company on 1 April 2009.

Independent Non-Executive Directors

Mr. Chui Man Lung, Everett, aged 47, was appointed as an Independent Non-Executive Director of the Company on 20 April 2010. Mr. Chui is a Fellow Member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is a Member of the Institute of Chartered Accountants in England and Wales. He is currently the director and shareholder of Cen-1 Partners Limited, an independent consultancy company specializing in financial engineering and corporate structuring. Mr. Chui was the financial controller and company secretary of Yau Lee Holdings Limited, a listed company on The Stock Exchange of Hong Kong Limited, from February 1995 to May 2008. He is well experienced in the areas of finance, audit and accounting. He holds a Bachelor of Social Sciences in Business Economics & Accounting awarded by the University of Southampton in the United Kingdom. Mr. Chui was appointed as an Independent Non-Executive Director of Duoyuan Printing, Inc., a listed company in the New York Stock Exchange, on 26 November 2010.

Mr. Hui Wah Tat, Anthony, aged 49, is an Independent Non-Executive Director of the Company. He is a member of The Hong Kong Institute of Directors. He is a President of Lions Club of Hong Kong (Mainland), vice-chairman of Hong Kong Hunan Youth Exchange Promotion Association Limited and a consultant of City Junior Chamber. Mr. Hui is also an executive committee member of Hunan Province Youth Federation (湖南省青年聯合會), Chinese People's Political Consultative Conference Guangxi Fang Cheng Gang City Committee (廣西壯族自治區防城港市政協) and Vice President of Guangxi Fang Cheng Gang City Overseas Friendship Association (廣西省防城港市海外聯誼會副會長). Mr. Hui was appointed as an Independent Non-Executive Director of the Company on 7 March 2008.

Mr. Li Kam Chung, aged 59, is an Independent Non-Executive Director. Mr. Li has over 10 years experience in trading businesses between Mainland, China and Hong Kong. Mr. Li is currently the vice chairman of Tai Po Shuen Wan Joint Villages Office Association and a member of Tai Po District Council Environment, Housing and Works Committee. Mr. Li was appointed as an Independent Non-Executive Director of the Company on 1 April 2009.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material 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.

DIRECTORS' INTERESTS IN SHARE CAPITAL

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

Long positions in shares and underlying shares of the Company

	Number of Ordinary Shares				
Name of Directors	Personal interests	Corporate interests	Number of underlying shares held under share options	Total	Percentage of the issued share capital of the Company
Li Hok Yin	1,000,000	—	—	1,000,000	0.05%

Save as disclosed herein, neither the directors nor any of their associates had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2011 as defined in Section 352 of the SFO.

REPORT OF THE DIRECTORS

SHARE OPTION

Particulars of the Company's share option scheme are set out in Note 31 to the consolidated financial statements.

The following table discloses movements in the Company's share options during the year ended 31 March 2011:

Category and name of participants	Date of share option granted	Outstanding at the beginning of year	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding at the end of year	Subscription price *HK$*	Exercise period
Directors								
Li Hok Yin	2 March 2010	16,192,400	—	16,192,400	—	—	0.1846	2 March 2010 to 2 March 2012
Yuen Sau Ying, Christine (resigned on 28 June 2010)	2 March 2010	16,192,400	—	16,192,400	—	—	0.1846	2 March 2010 to 2 March 2012
Total for directors		32,384,800	—	32,384,800	—	—		
Employees	2 March 2010	48,577,200	—	16,592,400	—	31,984,800	0.1846	2 March 2010 to 2 March 2012
Total for employees		48,577,200	—	16,592,400	—	31,984,800		

There were 31,984,800 options outstanding as at 31 March 2011 which represented approximately 1.46% of the total number of issued shares of the Company as at that date.

UNLISTED WARRANTS

The following table discloses movements in the Company's unlisted warrants issued to the subscribers during the year ended 31 March 2011:

Date of warrant issued	Outstanding at the beginning of year	Granted during the year	Exercise during the year	Outstanding at the end of year	Subscription price *HK$*	Exercise period	Percentage to total Company's shares in issue at the end of year
10 March 2010	323,848,000	—	87,500,000	236,348,000	0.160	10 March 2010– 9 March 2015	10.75%

The closing price of the Company's share immediately before 10 March 2010, the date of issue, was HK$0.315.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

At 31 March 2011, the following Shareholders were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

(1) Long positions in ordinary shares and underlying shares of the Company

Name of shareholders	Number of ordinary shares held	Underlying shares of equity derivatives (i.e. warrant)	Total interest	Percentage of issued ordinary shares as at 31 March 2011
Orient Best Holdings Limited *(Note 1)*	—	236,348,000	236,348,000	10.75%
Cheever Capital Management (Asia) Limited *(Note 2)*	128,000,000	—	128,000,000	5.82%
Zhang Lan *(Note 3)*	87,500,000	—	87,500,000	3.98%
Newly Rich International Overseas Limited *(Note 3)*	29,180,000	—	29,180,000	1.33%

Notes:

(1) 236,348,000 shares were unexercised unlisted warrants as at the year ended 31 March 2011. The entire share capital of Orient Best Holdings Limited is wholly-owned by World Channel Holdings Limited which in turn is wholly-owned by Mr. Chau Shing Yim, David.

(2) Cheever Capital Management (Asia) Limited is wholly-owned by Cheung Siu Chung. Hence, Cheung Siu Chung is deemed to be interested in the Shares held by Cheever Capital Management (Asia) Limited for the purpose of SFO.

(3) Newly Rich International Overseas Limited is wholly-owned by Cheever Asian Growth Fund Limited which in turn is owned as to 50% by Cheung Siu Chung and 50% owned by Zhang Lan. Hence, Cheung Siu Chung and Zhang Lan are deemed to be interested in the Shares held by Newly Rich International Overseas Limited for the purpose of SFO.

(2) Short positions in shares and underlying shares

There were no short positions in the shares and underlying shares of the Company and its associated corporations, which were recorded in the register as required to be kept under Section 336 of Part XV of the SFO.

Save as disclosed herein, as at 31 March 2011, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in share capital" 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.

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 March 2011, except for the deviation from provision A.2.1 and A.4.1 of the Code which stated below.

Code Provision A.2.1 requires the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. To make and to facilitate the implementation of decisions promptly and efficiently, the Company has not separated the roles of the chairman and the chief executive officer which are performed by the same individual, Mr. Li Ho Yin. The Company will review the current structure when and as it becomes appropriate in future.

Code Provision A.4.1 requires non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the bye-laws of the Company.

The Company has established an Audit Committee ("AC") with specific terms of reference explaining its role and authorities delegated by the Board. The AC consists of three Independent Non-Executive Directors, Mr. Chui Man Lung, Everett, Mr. Hui Wah Tat, Anthony and Mr. Li Kam Chung, who together have sufficient accounting and financial management expertise and business experience to discharge their duties and none of them is a former partner of the external auditors of the Company. Mr. Chui Man Lung, Everett is the Chairman of the AC.

The AC's principal duties include reviewing the Group's financial controls, internal control and risk management systems, reviewing and monitoring integrity of financial statements and reviewing annual and interim financial statements and reports before submission to the Board. During the year, the AC has reviewed the annual and interim results of the Company for the year ended 31 March 2011 and was content that the accounting policies of the Group are in accordance with the generally accepted accounting practices in Hong Kong.

REPORT OF THE DIRECTORS

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There is no significant event after the reporting period of the Group.

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.

INDEPENDENT AUDITORS

The financial statements have been audited by HLB Hodgson Impey Cheng who retire and, being eligible, offer themselves for re-appointment.

A resolution for the reappointment of HLB Hodgson Impey Cheng as independent auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Li Hok Yin
Chairman

Hong Kong, 29 June 2011

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Wing Hing International (Holdings) Limited (the "Company") considers that good corporate governance of the Company can protect and safeguard the interests of the shareholders and to enhance the performance of the Company. The Board is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the year ended 31 March 2011. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

CORPORATE GOVERNANCE PRACTICES

The Board assumes overall responsibilities for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its business by directing and supervising the Company's affairs. The Board focuses on overall corporate strategies and policies with attention particularly paid to the financial performance of the Company.

To maximise the effectiveness of the Board, the Company has established audit committee, nomination committee and remuneration committee with specific written terms of reference respectively to assist in the execution of their duties. The terms of reference of each of the committees are reviewed and amended (if necessary) from time to time to enhance the corporate governance practices of the Company.

There is a clear division of the responsibilities of the Board and the management. The Board delegated its responsibilities to directors and senior management to deal with day-to-day operations and review those arrangements on a periodic basis. Management has to report back to the Board and obtain prior approval before making decisions for key matters or entering into any commitments on behalf of the Company. The Board has a balance of skill and experience appropriate for the requirements of the business of the Company.

The Board regularly meets in person to discuss and formulate overall strategic direction and objectives and also approve annual and interim results as well as other significant matters of the Company. Execution of daily operational matters is delegated to management.

The Company Secretary assists the Chairman in preparing notice and agenda for the meetings, and ensures that the Company complied with the corporate governance practices and other compliance matters. At least 14 days notice of all board meetings were given to all directors, who were all given an opportunity to include matters in the agenda for discussion.

All directors have access to the Company Secretary who is responsible for the Company's compliance with the continuing obligations of the Listing Rules, Code on Takeover and Mergers and Share Repurchases, Companies Ordinance, Securities and Futures Ordinance and other applicable laws, rules and regulations etc.

Minutes of the board/committee meetings are recorded in significant detail for any decision and recommendation made during the meetings. Draft and final versions of minutes are circulated to directors or committee members within a reasonable time after the meetings are held and taken as the true records of the proceedings of such meetings. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any director. All directors are entitled to have access to board papers and related materials unless there are legal or regulatory restrictions on disclosure due to regulatory requirements.

CORPORATE GOVERNANCE REPORT

If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by way of a board/committee meeting and the interested shareholder or director shall not vote nor shall he/she be counted in the quorum present at the relevant meeting. Non-executive Director and Independent Non-executive Director who, and whose associates, have no material interest in the transaction, should be present at such a board meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has established written guidelines for the required standard of dealings in securities (the "Written Guideline") by directors of the Company. Having made specific enquiries of directors of the Company, the Board is pleased to confirm that they have fully complied with the required standard with respect to the securities dealings of the Company and there was no event of non-compliance. The Written Guideline also applies to other specified senior management of the Company.

BOARD OF DIRECTORS

The Board currently comprises six members as follows:

Executive Directors:
Mr. Li Hok Yin *(Chairman and Chief Executive Officer)*
Ms. Cheung Pak Sum *(Note 1)*
Mr. Shen Junchen

Independent Non-Executive Directors:
Mr. Chui Man Lung, Everett *(Note 1)*
Mr. Hui Wah Tat, Anthony
Mr. Li Kam Chung

The principal focus of the Board is on the overall strategic development of the Company. The Board also monitors the financial performance and the internal controls of the Company's business operations.

With a wide range of expertise and a balance of skills, the Independent Non-executive Directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee work.

The Independent Non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each Independent Non-executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each Independent Non-executive Director an annual confirmation regarding his independence, and the Board considered their independence to the Company. The Independent Non-executive Directors are explicitly identified in all corporate communications of the Company.

There is no relationship between members of the Board.

CORPORATE GOVERNANCE REPORT

The Board held 19 meetings during the financial year ended 31 March 2011. Details of attendance of individual director at board meetings are set out as below:

	Number of meetings held	Number of meetings attended
Name of Directors		
Executive Directors		
Mr. Li Hok Yin	19	17
Ms. Cheung Pak Sum *(Note 1)*	17	17
Mr. Shen Junchen	19	0
Ms. Leung Pui Kwan *(Note 2)*	10	10
Non-executive Director		
Ms. Yuen Sau Ying, Christine *(Note 3)*	3	0
Independent Non-executive Directors		
Mr. Chui Man Lung, Everett *(Note 1)*	17	4
Mr. Hui Wah Tat, Anthony	19	16
Mr. Li Kam Chung	19	14
Mr. Chan Kam Fuk *(Note 4)*	2	1

Notes:

1. Appointed on 20 April 2010

2. Resigned on 1 September 2010

3. Resigned on 28 June 2010

4. Resigned on 20 April 2010

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Li Hok Yin is the Chairman and Chief Executive Officer ("CEO") of the Company. In the opinion of the Board, the roles of the Chairman and CEO are the same. Although under Appendix 14 of the Code, the roles of the Chairman and CEO should be separated and should not be performed by the same individual, the Company considers that the experience and marketing network established by Mr. Li is critical for the business and future development of the Company. Hence, the Company believes that it is in the best interest of its shareholders that Mr. Li Hok Yin will continue to assume the roles of both the Chairman and CEO of the Company. However, the Company will review the current structure as and when it becomes appropriate in future.

Mr. Li Hok Yin is responsible for overseeing strategic planning and leadership of the Company and exercising control over the quality, quantity and timeliness of the flow of information between the management of the Company and the Board that would allow them to effectively discharge their responsibilities. Mr. Li also responsible for the strategic development and maintaining the Company's relationship with outside companies of the Company as well as coordinating the Company's business and to market and locate potential business opportunities and execute the policy of the Company.

The Chairman ensures that the entire Board members are properly briefed on issues at the Board meetings and receive adequate and reliable information on a timely basis. The Board considers that the Chairman is capable to guide discussions and brief the Board in a timely manner on pertinent issues with balance of power and authority delegated to the Board and senior management.

REMUNERATION OF DIRECTORS

The Company has established a Remuneration Committee ("RC") with specific terms of reference which deal clearly with its authorities and duties. The majority of RC members are Independent Non-executive Directors which consists of Mr. Li Kam Chung, and Mr. Chui Man Lung, Everett are Independent Non-executive Directors; and Mr. Li Hok Yin who is Executive Director of the Company. Mr. Li Kam Chung is the Chairman of the RC.

The RC advises the Board on the Company's overall policy and structure for the remuneration of directors and senior management, determine the remuneration packages of all directors and senior management, review and approve their performance-based remuneration, review and approving compensation to directors and senior management in connection with any loss or termination of their office or appointment. The RC also ensures that no director or any of his associate is involved in deciding his own remuneration.

In determining the emolument payable to directors, the RC takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment and market conditions.

The RC is also authorized to investigate any matter within its terms of reference and seek any information it requires from any employee and obtain outside legal or other independent professional advice at the cost of the Company if necessary.

2 RC meetings has been held during the financial year ended 31 March 2011 to review the remuneration packages of directors and senior management, which are nominal by market standards and the Company's performance. The Board considered that the existing remuneration packages to each director and senior management are reasonable and appropriate with reference to the financial performance of the Company, employment and market conditions as a whole.

CORPORATE GOVERNANCE REPORT

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Company has established a Nomination Committee ("NC") with specific terms of reference which deal clearly with its authorities and duties. All NC members are Independent Non-executive Directors which consists of Mr. Hui Wah Tat, Anthony, Mr. Li Kam Chung and Mr. Chui Man Lung, Everett. Mr. Hui Wah Tat, Anthony is the Chairman of the NC.

The NC is responsible for the appointment of its own members, identifying appropriate candidate and recommending qualified candidate to the Board for consideration. The Board will review profiles of the candidates recommended by the NC and make appointment if appropriate. Candidates are appointed to the Board on the basis of their integrity, independent mindedness, experience, skill and the ability to commit time and effort to carry out his duties and responsibilities effectively.

The NC also assesses the independence of Independent Non-executive Directors and marking recommendations to the Board on such appointments or re-election.

All directors are also subject to re-election by shareholders at the annual general meeting pursuant to the Bye-laws of the Company.

1 NC meeting has been held during the financial year ended 31 March 2011 to make recommendations to the Board regarding the Board appointment. In accordance with the Company's Articles of Association, one-third of the directors who have been longest in office since their last election or re-election are subject to retirement by rotation. All retiring directors are eligible for re-election.

AUDIT COMMITTEE

The Company has established an Audit Committee ("AC") with specific terms of reference explaining its role and authorities delegated by the Board. The AC consists of three Independent Non-executive Directors, Mr. Chui Man Lung, Everett, Mr. Hui Wah Tat, Anthony and Mr. Li Kam Chung, who together have sufficient accounting and financial management expertise and business experience to discharge their duties and none of them is a former partner of the external auditors of the Company. Mr. Chui Man Lung, Everett is the Chairman of the AC.

The AC's principal duties include reviewing the Group's financial controls, internal control and risk management systems, reviewing and monitoring integrity of financial statements and reviewing annual and interim financial statements and reports before submission to the Board and considering and recommending the appointment, reappointment and removal of external auditors of the Company.

The AC meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly. The Audit Committee is authorized to take independent professional advice at Company's expense, if necessary.

The AC meets regularly to review the financial results and other information to shareholders, the system of internal control and risk management. The AC also provides an important link between the Board and the Company's auditors in matters within the scope of its terms of reference and keeps under review the independence of auditors.

CORPORATE GOVERNANCE REPORT

The financial statements of the Company for the year have been audited by HLB Hodgson Impey Cheng ("HLB"). During the year, remuneration of approximately HK$400,000 was charged by HLB for provision of audit services.

During the financial year ended 31 March 2011, 2 AC meetings were held and the individual attendance of each member is set out below:

	Number of meetings held	Number of meetings attended
Name of Audit Committee members		
Mr. Chui Man Lung, Everett *(Note 1)*	2	2
Mr. Hui Wah Tat, Anthony	2	2
Mr. Li Kam Chung	2	2
Mr. Chan Kam Fuk *(Note 2)*	0	0

Note:

1. Appointed on 20 April 2010

2. Resigned on 20 April 2010

ACCOUNTABILITY AND AUDIT

The directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31 March 2011, the directors have selected suitable accounting policies and applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, made adjustments and estimates that are prudent and reasonable, and have prepared the financial statements on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective internal controls system to protect and safeguard the interest of shareholders and assets of the Company. The controls are to provide reasonable assurance (but not absolute guarantee) that assets are adequately safeguard, operational controls are in place, business risks are suitably protected and proper accounting records are maintained.

The Board reviews the internal control system of the Group annually and will take any necessary and appropriate action to maintain adequate internal control system to protect and safeguard the interest of shareholders and assets of the Company. The effectiveness of the internal control system was discussed on an annual basis with the Audit Committee.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

The Company maintains a high level of transparency in communicating with shareholders and is committed to continue to maintain an open and effective investor communication policy and to update investors on relevant information in a timely manner, subject to relevant regulatory requirements. In order to ensure effective, clear and accurate communications with the shareholders, all corporate communications are arranged and handled by executive directors and designated persons.

The Company aims to provide its shareholders with high standards of disclosure and financial transparency through the publication of annual and interim reports, press announcements and circulars made through Stock Exchange's websites and the Company's website. The Company has announced its annual results and interim results in a timely manner during the year under review. Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors. In addition, procedures for demanding a poll are included in the circular to shareholders as required under the Listing Rules.

The Board also maintains an on-going dialogue with shareholders and use general meeting to communicate with shareholders. The Company encourages all shareholders to attend general meeting which provides a useful forum for shareholders to exchange views with the Board. The Chairman of the Board and members of relevant committees and senior management of the Company are also available to answer the shareholders' questions.

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
WING HING INTERNATIONAL (HOLDINGS) LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Wing Hing International (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 92, which comprise the consolidated and 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, in accordance with section 90 of the Companies Act of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2011, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 29 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Continuing operations			
Revenue	5	43,905	26,270
Cost of sales		(35,426)	(19,149)
Gross profit		8,479	7,121
Other income	7	224	1
Other gains and losses	8	—	(76)
Administrative and operating expenses		(32,266)	(16,743)
Finance costs	9	(408)	(568)
Loss before tax		(23,971)	(10,265)
Income tax expense	10	(162)	(1,901)
Loss for the year from continuing operations	13	(24,133)	(12,166)
Discontinued operations			
Loss for the year from discontinued operations	11	—	(22)
Loss for the year		(24,133)	(12,188)
Other comprehensive income, net of income tax			
Exchange differences on translating foreign operations		16,725	—
Total comprehensive expense for the year		(7,408)	(12,188)
Loss attributable to:			
Owners of the Company		(21,359)	(14,404)
Non-controlling interests		(2,774)	2,216
		(24,133)	(12,188)
Total comprehensive expense attributable to:			
Owners of the Company		(8,234)	(14,404)
Non-controlling interests		826	2,216
		(7,408)	(12,188)
Loss per share	16		
From continuing and discontinued operations			
Basic and diluted (HK cents per share)		1.17	1.17
From continuing operations			
Basic and diluted (HK cents per share)		1.17	1.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	18	12,924	2,545
Mining rights	19	281,120	241,530
Prepayments	21	1,410	—
		295,454	244,075
Current assets			
Inventories		15	—
Trade and other receivables	21	48,412	56,814
Pledged bank deposits	22	5,921	—
Cash and bank balances	23	156,069	45,907
		210,417	102,721
Assets classified as held for sale	12	87,360	—
		297,777	102,721
Current liabilities			
Trade and other payables	24	30,757	2,021
Current tax liabilities		2,944	2,492
		33,701	4,513
Net current assets		264,076	98,208
Total assets less current liabilities		559,530	342,283
Capital and reserves			
Share capital	28	21,979	16,354
Reserves		435,422	251,240
Equity attributable to owners of the Company		457,401	267,594
Non-controlling interests		75,544	74,689
Total equity		532,945	342,283
Non-current liabilities			
Deferred tax liabilities	26	26,265	—
Provision for restoration cost	27	320	—
		26,585	—
		559,530	342,283

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 29 June 2011 and were signed on its behalf by:

Mr. Li Hok Yin	**Mr. Chui Man Lung, Everett**
Executive Director	*Independent Non-Executive Director*

STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	18	—	—
Interests in subsidiaries	20	320,134	141,878
		320,134	141,878
Current assets			
Amounts due from subsidiaries	20	45,029	75,282
Other receivables		202	9,114
Cash and bank balances		70,586	12,602
		115,817	96,998
Current liabilities			
Amounts due to subsidiaries	20	4,255	—
Other payables and accruals		6,112	1,160
		10,367	1,160
Net current assets		105,450	95,838
Total assets less current liabilities		425,584	237,716
Capital and reserves			
Share capital	28	21,979	16,354
Reserves	29	403,605	221,362
Total equity		425,584	237,716

Mr. Li Hok Yin
Executive Director

Mr. Chui Man Lung, Everett
Independent Non-Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Contributed surplus *HK$'000*	Foreign currency translation reserve *HK$'000*	Warrant reserve *HK$'000*	Share option reserve *HK$'000*	Retained profits/ (Accumulated losses) *HK$'000*	Subtotal *HK$'000*	Attributable to non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 April 2010	16,354	78,755	(800)	147,828	—	324	4,785	20,348	267,594	74,689	342,283
Loss for the year	—	—	—	—	—	—	—	(21,359)	(21,359)	(2,774)	(24,133)
Other comprehensive income for the year	—	—	—	—	13,125	—	—	—	13,125	3,600	16,725
Total comprehensive income/(expense) for the year	—	—	—	—	13,125	—	—	(21,359)	(8,234)	826	(7,408)
Additional non-controlling interests arising on acquisition of a subsidiary	—	—	(29)	—	—	—	—	—	(29)	29	—
Issue of ordinary shares by way of subscription *(Note 28(g) and (h))*	4,260	174,140	—	—	—	—	—	—	178,400	—	178,400
Transaction costs attributable to issue of new ordinary shares	—	(3,371)	—	—	—	—	—	—	(3,371)	—	(3,371)
Issue of ordinary shares under share option scheme *(Note 28(i))*	490	11,446	—	—	—	—	(2,895)	—	9,041	—	9,041
Issue of ordinary shares on exercise of warrants *(Note 28(j))*	875	13,213	—	—	—	(88)	—	—	14,000	—	14,000
Balance at 31 March 2011	21,979	274,183	(829)	147,828	13,125	236	1,890	(1,011)	457,401	75,544	532,945

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Contributed surplus *HK$'000*	Assets revaluation reserve *HK$'000*	Warrant reserve *HK$'000*	Share option reserve *HK$'000*	(Accumulated losses)/ Retained profits *HK$'000*	Subtotal *HK$'000*	Attributable to non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 April 2009	89,860	54,326	(800)	51,562	13,334	—	—	(56,184)	152,098	72,473	224,571
(Loss)/Profit for the year	—	—	—	—	—	—	—	(14,404)	(14,404)	2,216	(12,188)
Other comprehensive income for the year	—	—	—	—	—	—	—	—	—	—	—
Total comprehensive (expense)/income for the year	—	—	—	—	—	—	—	(14,404)	(14,404)	2,216	(12,188)
Issue of ordinary shares by way of subscription *(Note 28(c) and (d))*	25,800	15,708	—	—	—	—	—	—	41,508	—	41,508
Transaction costs attributable to issue of new ordinary shares	—	(260)	—	—	—	—	—	—	(260)	—	(260)
Capital Reorganization *(Note 28(a))*	(104,094)	(69,774)	—	96,266	—	—	—	77,602	—	—	—
Recognition of equity-settled share-based payment	—	—	—	—	—	—	5,742	—	5,742	—	5,742
Issue of ordinary shares under Open Offer *(Note 28(e))*	4,626	78,649	—	—	—	—	—	—	83,275	—	83,275
Transaction costs attributable to Open Offer	—	(3,678)	—	—	—	—	—	—	(3,678)	—	(3,678)
Issue of ordinary shares under share option scheme *(Note 28(f))*	162	3,784	—	—	—	—	(957)	—	2,989	—	2,989
Issue of warrants *(Note 29(b))*	—	—	—	—	—	324	—	—	324	—	324
Release upon disposal of property, plant and equipment	—	—	—	—	(644)	—	—	644	—	—	—
Release upon disposal of subsidiaries	—	—	—	—	(12,690)	—	—	12,690	—	—	—
Balance at 31 March 2010	16,354	78,755	(800)	147,828	—	324	4,785	20,348	267,594	74,689	342,283

The contributed surplus of the Group represents reserves arising from (i) the difference between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the group reorganization completed on 2 October 1995 over the nominal value of the share capital of the Company issued in exchange thereof; and (ii) the Capital Reorganization during the year ended 31 March 2010.

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 for the year		**(24,133)**	(12,188)
Adjustments for:			
Income tax expense recognized in profit or loss		**162**	1,901
Finance costs recognized in profit or loss		**408**	568
Interest income		**(201)**	(1)
Gain on early redemption of promissory note		**(23)**	—
Loss on disposal of property, plant and equipment		**—**	231
Amortization of prepaid lease payments		**—**	1
Amortization of mining rights		**2,181**	1,376
Depreciation of property, plant and equipment		**1,802**	3,062
Loss on disposal of subsidiaries		**—**	2,051
Provision for restoration cost		**320**	—
Impairment losses recognized on other receivables		**8,105**	—
Expense recognized in respect of equity-settled share-based payments		**—**	5,742
Operating cash flows before movements in working capital		**(11,379)**	2,743
Inventories		**39**	—
Trade receivables		**(31,953)**	18,191
Balances with jointly-controlled entities		**—**	(4,523)
Balances with associates		**—**	1,927
Balances with related companies		**—**	681
Balances with non-controlling interests		**—**	(6)
Loan receivable		**—**	1,000
Prepayments, deposits and other receivables		**(1,933)**	(19,218)
Trade payables		**—**	(19,960)
Other payables and accruals		**27,548**	(551)
Cash used in operations		**(17,678)**	(19,716)
Interest paid		**(423)**	(568)
Income taxes paid		**(6)**	—
Net cash used in operating activities		**(18,107)**	(20,284)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Cash flows from investing activities			
Interest received		**201**	1
Purchase of property, plant and equipment		**(12,046)**	(2,668)
Refund/(payment) of deposits for acquisition of subsidiaries		**8,000**	(33,000)
Proceeds from disposal of property, plant and equipment		**—**	2
Net cash outflow on acquisition of subsidiaries	34	**(31,755)**	—
Net cash outflow on disposal of subsidiaries	35	**—**	(48,479)
(Increase)/Decrease in pledged bank deposits		**(5,921)**	24,362
Net cash used in investing activities		**(41,521)**	(59,782)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**178,400**	41,508
Shares issue expenses		**(3,371)**	(260)
Proceeds from issue of ordinary shares under open offer		**—**	83,275
Open offer expenses		**—**	(3,678)
Repayment of promissory note		**(30,000)**	(20,267)
Proceeds from issue of ordinary shares upon exercise of options		**9,041**	2,989
Proceeds from issue of warrants		**—**	324
Proceeds from issue of ordinary shares upon exercise of warrants		**14,000**	—
Net cash generated by financing activities		**168,070**	103,891
Net increase in cash and cash equivalents		**108,442**	23,825
Cash and cash equivalents at the beginning of year		**45,907**	22,082
Effects of exchange rate changes on the balance of cash held in foreign currencies		**1,720**	—
Cash and cash equivalents at the end of year		**156,069**	45,907
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**156,069**	45,907

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. GENERAL

Wing Hing International (Holdings) Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The Company's principal place of business in Hong Kong is situated at Unit 1901, 19th Floor, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong.

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

The Company is an investment holding company. The activities of its principal subsidiaries at 31 March 2011 are set out in Note 20.

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

In the current year, the Group and the Company have applied the following new and revised Hong Kong Accounting Standards ("HKAS"), amendments and Hong Kong (IFRIC) Interpretations ("HK (IFRIC) — Int") ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs issued in 2008
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Right Issues
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement — Eligible Hedged Items
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HK (IFRIC) — Int 17	Distributions of Non-cash Assets to Owners
HK — Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

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

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.

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 recognized 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 recognized 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 recognized 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 recognized 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 recognized as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

The impact of adoption of HKFRS 3 (as revised in 2008) on the acquisition during the current period has been related to the acquisition-related costs. It requires acquisition-related costs to be accounted for separately from the business combination. As a result, the Group has recognized these costs as an expense in profit or loss, whereas previously they would have been accounted as part of the cost of the acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

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

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 change 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 recognized, 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 recognized 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 derecognize all assets, liabilities and non-controlling interests at their carrying amounts and to recognize the fair value of the consideration received. Any retained interest in the former subsidiary is recognized at its fair value at the date control is lost. The resulting difference is recognized as a gain or loss in profit or loss.

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. The adoption of HKAS 27 (as revised in 2008) had no material impact in the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

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
HKFRSs 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters	2
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	Disclosures of Interests in Other Entities	6
HKFRS 13	Fair Value Measurement	6
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets	5
HKAS 24 (as revised in 2009)	Related Party Disclosures	3
HKAS 27 (as revised in 2011)	Separate Financial Statements	6
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures	6
HK (IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement	3
HK (IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments	2

Notes:

1. *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*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

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

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.

- Under HKFRS 9, all recognized financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortized 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 amortized 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 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard may have an impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The Group is in the process of making an assessment of the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011) but is not yet in a position to state whether these new standards and amendments would have significant impact on the consolidated financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

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 and 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 in full on consolidation.

Non-controlling interests in 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Basis of consolidation *(Continued)*

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 recognized 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 recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company 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.

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 recognized 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 recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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 recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized 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 recognized 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 recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Business combinations *(Continued)*

Business combinations that took place on or after 1 April 2010 (Continued)

Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognized in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. 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 recognized at their fair values at the acquisition date.

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

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

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

Non-current assets held for sale

Non-current assets and disposal groups 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.

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.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less identified impairment loss. Income from investments in subsidiaries is accounted for on the basis of dividends received and receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Revenue recognition

Revenue for sales of goods is recognized when the goods are delivered and title has passed.

Revenue from leasing of mining licenses is recognized on a straight-line basis over the terms of the leasing agreements.

Loan guarantee service income consists of guarantee fee income and is recognized in profit or loss on a straight line basis over the guarantee period.

The Group's policy for recognition of revenue from construction contracts is described at the accounting policy below.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy below.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed to customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Where contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Leasing

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 Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized 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 recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. 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 recognized 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 recognized 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 recognized 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 the presentation currency of the Group (i.e. 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 recognized in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

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 recognized 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 a 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 recognized in the foreign currency translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Share-based payment arrangements

Share options granted by the Company to employees of the Group in an equity-settled share-based payment arrangement

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognized in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share options reserve will be transferred to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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 of items of income or expense that are taxable or deductible in other years and 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 the reporting period.

Deferred tax is recognized on temporary 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Mining rights

Mining rights are stated at cost less accumulated amortization and impairment losses. The mining rights are amortized using the unit-of-production method based on the total proven and probable mineral reserves, which are reviewed at least at the end of each reporting period.

Impairment of tangible and intangible assets other than goodwill

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 any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized 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 recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognized 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 recognized immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortized 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 recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

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 FVTPL.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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 amortized cost using the effective interest method less any impairment (see the accounting policy in respect of impairment losses on financial assets below).

Available-for-sale financial assets (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 FVTPL.

AFS financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognized 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 (see the accounting policy in respect of impairment loss on financial assets below).

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 (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

Financial assets, other than those at FVTPL, 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-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, 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, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized 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 (see the accounting policy below).

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For financial assets measured at amortized 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 recognized, the previously recognized 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 amortized cost would have been had the impairment not been recognized.

In respect of AFS equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized 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

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

Equity instruments

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL (Continued)

- 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.

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

Other financial liabilities

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

Effective interest method

The effective interest method is a method of calculating the amortized 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 recognized on an effective interest basis other than financial liabilities classified as at FVTPL.

Loan guarantee contracts

A loan guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument.

Loan guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

- the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Derecognition

The Group derecognizes 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 recognizes 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 recognize the financial asset and also recognizes a collateralized 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 recognized in other comprehensive income and accumulated in equity is recognized 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 recognize under continuing involvement, and the part it no longer recognizes 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 recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

The Group derecognizes 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 derecognized and the consideration paid and payable is recognized in profit or loss.

Related parties

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

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

(b) the party is an associate;

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

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

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

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Impairment of mining rights

The Group assesses whether there are any indicators of impairment for mining rights at each reporting date. Mining rights are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows.

Impairment loss of trade and other receivables

The Group's policy for doubtful receivables is based on the on-going evaluation of the collectability and aging analysis of the trade and other receivables and on management's judgments. Considerable judgment is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history of each debtor, and the present values of the estimated future cash flows discounted at the effective interest rates. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss of trade and other receivables may be required.

Expected useful lives of mining rights and mineral reserves

The Group's management has determined the estimated useful lives of its mining rights based on the proven and probable mineral reserves. The directors of the Company are of the opinion that the Group will be able to continuously renew the mining rights and the business licenses of respective mining subsidiaries at minimal charges. Accordingly, the Group has used the proven and probable mineral reserves as a basis for estimation of the useful lives of its mining rights.

Amortization rate is determined based on estimated proven and probable mineral reserve quantities with reference to the independent technical assessment report. The capitalized costs of the mining rights are amortized using the unit-of-production method. Any change to the estimated proven and probable mineral reserves will affect the amortization charge of the mining rights.

Proven and probable mineral reserve estimates are updated at regular basis taking into account production and technical information about the mines. In addition, as prices and cost levels change from year to year, the estimate of proven and probable mineral reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in relation to amortization rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

5. REVENUE

An analysis of the Group's revenue generated from external customers for the year from continuing operations is as follows:

	2011 HK$'000	2010 HK$'000
Revenue from sale of minerals	34,410	18,398
Revenue from leasing of mining licenses	4,340	7,872
Revenue from gold mining operation	4,925	—
Revenue from loan guarantee service operations	230	—
	43,905	26,270

6. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

(i) Coal mining operations;

(ii) Gold mining operation;

(iii) Sale of minerals; and

(iv) Loan guarantee service operations.

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment revenue		Segment (loss)/profit	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Coal mining operations	4,340	7,872	(9,214)	7,575
Gold mining operation	4,925	—	547	—
Sale of minerals	34,410	18,398	5,340	(95)
Loan guarantee service operations	230	—	(2,736)	—
Total for continuing operations	43,905	26,270	(6,063)	7,480
Other income			224	1
Other gains and losses			—	(76)
Central administration costs			(18,132)	(17,670)
Loss before tax (continuing operations)			(23,971)	(10,265)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

6. SEGMENT INFORMATION *(CONTINUED)*

Segment revenue and results *(Continued)*

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2010: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment (loss)/profit represents the (loss)/profit incurred by each segment without allocation of central administrative costs including directors' salaries, other income, other gains or losses, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

Segment assets and liabilities

	2011	2010
	HK$'000	*HK$'000*
Segment assets		
Coal mining operations	**269,554**	272,143
Gold mining operation	**119,180**	—
Sale of minerals	**34,436**	40
Loan guarantee service operations	**96,890**	—
Unallocated corporate assets	**73,171**	74,613
Consolidated assets	**593,231**	346,796

	2011	2010
	HK$'000	*HK$'000*
Segment liabilities		
Coal mining operations	**23,741**	854
Gold mining operation	**28,400**	—
Sale of minerals	**4**	—
Loan guarantee service operations	**1,913**	—
Unallocated corporate liabilities	**6,228**	3,659
Consolidated liabilities	**60,286**	4,513

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

- all assets are allocated to reportable segments other than unallocated corporate assets; and
- all liabilities are allocated to reportable segments other than unallocated corporate liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

6. SEGMENT INFORMATION *(CONTINUED)*

Other segment information

	Depreciation and amortization		Additions to non-current assets	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Coal mining operations	**2,522**	—	**11,461**	—
Gold mining operation	**821**	1,376	**114,645**	—
Sale of minerals	**—**	—	**—**	—
Loan guarantee service operations	**1**	—	**21**	—
Unallocated	**639**	429	**70**	2,137
	3,983	1,805	**126,197**	2,137

In addition to the depreciation and amortization reported above, impairment losses of HK$8,105,000 were recognized in respect of other receivables. These impairment losses were attributable to coal mining operations.

Revenue from major products and services

The Group's revenue from continuing operations from its major products and services was mainly attributable to its coal mining operations, gold mining operation, sale of minerals and loan guarantee service operations:

	2011	2010
	HK$'000	*HK$'000*
Coal mining operations	**4,340**	7,872
Gold mining operation	**4,925**	—
Sale of minerals	**34,410**	18,398
Loan guarantee service operations	**230**	—
	43,905	26,270

Geographical information

The Group principally operates in Hong Kong and the PRC.

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

	Revenue from external customers		Non-current assets	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**9,495**	7,872	**293,478**	241,530
Hong Kong	**34,410**	18,398	**1,976**	2,545
	43,905	26,270	**295,454**	244,075

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

6. SEGMENT INFORMATION *(CONTINUED)*

Information about major customers

Revenue from customers of corresponding years contributing over 10% of total revenue of the Group from continuing operations is as follows:

	2011	2010
	HK$'000	*HK$'000*
Customer A	**34,410**	—
Customer B	**4,925**	—
Customer C	**N/A[1]**	4,724
Customer D	**—**	18,398
	39,335	23,122

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER INCOME

Continuing operations

	2011	2010
	HK$'000	*HK$'000*
Interest income on interest bearing receivable	**153**	—
Interest income on bank deposits	**48**	1
Gain on early redemption of promissory note	**23**	—
	224	1

8. OTHER GAINS AND LOSSES

Continuing operations

	2011	2010
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**—**	(76)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

9. FINANCE COSTS

Continuing operations

	2011	2010
	HK$'000	*HK$'000*
Effective interest expense on promissory note	**408**	507
Others	**—**	61
	408	568

No borrowing costs were capitalized during the year ended 31 March 2011 (2010: Nil).

10. INCOME TAX EXPENSE

Continuing operations

Income tax recognized in profit or loss

	2011	2010
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax	**347**	1,901
Deferred tax: *(Note 26)*		
Current year	**(185)**	—
Total income tax recognized in profit or loss	**162**	1,901

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for both years.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2010: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for the year from continuing operations can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2011	2010
	HK$'000	*HK$'000*
Loss before tax (continuing operations)	**(23,971)**	(10,265)
Tax at Hong Kong Profits Tax rate of 16.5% (2010: 16.5%)	**(3,955)**	(1,694)
Tax effect of income not taxable for tax purpose	**(295)**	(258)
Tax effect of expenses not deductible for tax purpose	**2,711**	364
Utilization of tax losses previously not recognized	**1,984**	2,843
Effect of different tax rates of group entities operating in jurisdictions other than Hong Kong	**(283)**	646
Income tax expense for the year (relating to continuing operations)	**162**	1,901

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

11. DISCONTINUED OPERATIONS

Pursuant to a sale and purchase agreement dated 7 September 2009 entered into between the Company (as vendor) and Mr. Ng Tat Leung, George (a former executive director of the Company) (as purchaser), the Company disposed of the entire issued share capital of Club Ace Holdings Limited and the shareholder's loan to Mr. Ng Tat Leung, George for a total consideration of HK$1,000,000. The disposal constituted a very substantial disposal and a connected transaction on the part of the Company under the Listing Rules, further details of which were set out in the Company's circular dated 28 September 2009. Club Ace Holdings Limited and its subsidiaries, associates and jointly-controlled entities previously carried on all of the Group's construction operations (comprising (i) superstructure construction; (ii) foundation piling, substructure works and slope improvement; (iii) special construction projects; and (iv) interior decoration and landscaping works segments). The disposal was completed on 21 October 2009, on which date control of Club Ace Holdings Limited passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 35.

	2010 *HK$'000*
Loss for the year from discontinued operations	
Revenue	173,093
Cost of sales	(168,081)
Other income	5,270
Other gains and losses	(6)
Administrative and operating expenses	(9,774)
Share of results of associates	(456)
Share of results of jointly-controlled entities	1,983
Profit before tax	2,029
Attributable income tax expense	—
	2,029
Loss on disposal of discontinued operations *(Note 35)*	(2,051)
Loss for the year from discontinued operations (attributable to owners of the Company)	(22)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

11. DISCONTINUED OPERATIONS *(CONTINUED)*

Loss for the year from discontinued operations has been arrived at after charging/(crediting):

	2010 *HK$'000*
Depreciation of property, plant and equipment	2,634
Less: Amounts capitalized in construction contracts	(1,583)
Total depreciation and amortization	1,051
Auditors' remuneration	—
Net foreign exchange gains	(50)
Minimum lease payments paid under operating leases during the year:	
— Premises	650
Employee benefits expense (including directors' remuneration):	
Wages and salaries	21,463
Contributions to retirement benefits schemes	534
	21,997
Less: Amounts capitalized in construction contracts	(3,709)
	18,288
Cost of inventories recognized as an expense	168,081

	2010 *HK$'000*
Cash flows from discontinued operations	
Net cash inflows from operating activities	6,769
Net cash inflows from investing activities	6,119
	12,888

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

12. ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2011	2010
	HK$'000	*HK$'000*
Mining rights in the PRC	**87,360**	—

On 31 December 2010, Guizhou Jinyida Mining Company Limited ("貴州金億達礦業有限公司"), (the "vendor"), an indirect subsidiary of the Company, entered in a sale and purchase agreement with an independent third party, pursuant to which the purchaser conditionally agreed to purchase and the vendor conditionally agreed to sell certain coal mining licenses at a total consideration of RMB76,000,000 (equivalent to approximately HK$90,000,000). A deposit of approximately RMB17,000,000 (equivalent to approximately HK$20,000,000) has been received by the Group which is included in trade and other payables at 31 March 2011 (Note 24). The transaction has not been completed as of 31 March 2011.

13. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

Loss for the year from continuing operations has been arrived at after charging:

	2011	2010
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**1,802**	428
Amortization of prepaid lease payments	**—**	1
Amortization of mining rights (included in cost of sales)	**2,181**	1,376
Total depreciation and amortization	**3,983**	1,805
Auditors' remuneration	**400**	1,100
Minimum lease payments paid under operating leases during the year:		
— Premises	**1,225**	976
Employee benefits expense (including directors' remuneration):		
Wages and salaries	**4,153**	2,178
Share-based payments	**—**	5,742
Contributions to retirement benefits schemes	**106**	59
	4,259	7,979
Cost of inventories recognized as an expense	**28,979**	17,773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

14. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors were as follows:

For the year ended 31 March 2011

	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Contributions to retirement benefits schemes *HK$'000*	Total *HK$'000*
Executive Directors				
Mr. Li Hok Yin	—	541	12	553
Mr. Shen Junchen	—	—	—	—
Ms. Cheung Pak Sum (appointed on 20 April 2010)	—	411	12	423
Ms. Leung Pui Kwan (resigned on 1 September 2010)	—	200	5	205
Non-Executive Director				
Ms. Yuen Sau Ying, Christine (resigned on 28 June 2010)	14	—	—	14
Independent Non-Executive Directors				
Mr. Hui Wah Tat, Anthony	80	—	—	80
Mr. Li Kam Chung	60	—	—	60
Mr. Chui Man Lung, Everett (appointed on 20 April 2010)	76	—	—	76
Mr. Chan Kam Fuk (resigned on 20 April 2010)	—	—	—	—
Total	230	1,152	29	1,411

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

14. DIRECTORS' EMOLUMENTS *(CONTINUED)*

For the year ended 31 March 2010

	Fees HK$'000	Salaries and other benefits HK$'000	Share-based payments HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Executive Directors					
Ms. Leung Pui Kwan	—	480	—	12	492
Mr. Shen Junchen (appointed on 1 April 2009)	—	—	—	—	—
Mr. Li Hok Yin (appointed on 8 January 2010)	—	93	957	3	1,053
Mr. Ng Tat Leung, George (resigned on 15 September 2009)	—	718	—	6	724
Mr. Wong Teck Ming (resigned on 15 September 2009)	—	556	—	6	562
Mr. Chan Wah Fan (appointed on 1 April 2009 and resigned on 8 January 2010)	—	270	—	9	279
Mr. Hon Chi Shun (appointed on 8 January 2010 and resigned on 19 February 2010)	—	—	—	—	—
Dr. Peter He (resigned on 19 February 2010)	—	360	—	9	369
Non-Executive Director					
Ms. Yuen Sau Ying, Christine	60	—	957	—	1,017
Independent Non-Executive Directors					
Mr. Hui Wah Tat, Anthony	80	—	—	—	80
Mr. Li Kam Chung (appointed on 1 April 2009)	60	—	—	—	60
Mr. Chan Kam Fuk (appointed on 30 October 2009)	80	—	—	—	80
Dr. Leung Wai Cheung (resigned on 30 October 2009)	58	—	—	—	58
Total	338	2,477	1,914	45	4,774

During both years, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2010: two) were directors of the Company whose emoluments are included in the disclosures in Note 14 above. The emoluments of the remaining two (2010: three) individuals were as follows:

	2011	2010
	HK$'000	*HK$'000*
Salaries and other benefits	**673**	290
Share-based payments	**—**	2,871
Contributions to retirement benefits schemes	**18**	12
	691	3,173

Their emoluments were within the following bands:

	Number of individuals	
	2011	2010
Nil–HK$1,000,000	**2**	—
HK$1,000,001–HK$1,500,000	**—**	3
	2	3

16. LOSS PER SHARE

From continuing and discontinued operations

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

	2011	2010
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic loss per share (loss for the year attributable to owners of the Company)	**(21,359)**	(14,404)

	2011	2010
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,830,477**	1,232,474

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

16. LOSS PER SHARE *(CONTINUED)*

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2011	2010
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(21,359)**	(14,404)
Less: Loss for the year from discontinued operations	**—**	(22)
Loss for the purpose of basic loss per share from continuing operations	**(21,359)**	(14,382)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operations

The Group has no discontinued operations for the year ended 31 March 2011. For the year ended 31 March 2010, basic loss per share for the discontinued operations is HK0.002 cents per share, based on the loss for the year from the discontinued operations of approximately HK$22,000 and the denominators detailed above for both basic and diluted loss per share.

The computation of diluted loss per share did not assume the exercise of the Company's outstanding warrants and options as their exercise would reduce the loss per share for the years ended 31 March 2010 and 2011.

17. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$10,202,000 (2010: loss of HK$44,282,000) (Note 29).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

18. PROPERTY, PLANT AND EQUIPMENT

Group

	Mining infrastructure HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
Balance at 1 April 2009	—	4,783	8,912	621	14,316
Additions	—	—	1,841	827	2,668
Disposals	—	—	(2,622)	(33)	(2,655)
Derecognized on disposal of subsidiaries	—	(4,783)	(5,312)	(1,112)	(11,207)
Balance at 31 March 2010	—	—	2,819	303	3,122
Additions	11,461	453	132	—	12,046
Acquisition through business combination	—	157	—	—	157
Effect of foreign currency exchange differences	—	6	—	—	6
Balance at 31 March 2011	11,461	616	2,951	303	15,331
Accumulated depreciation and impairment					
Balance at 1 April 2009	—	—	7,835	—	7,835
Depreciation expense	—	2,381	435	246	3,062
Eliminated on disposals of assets	—	—	(2,422)	—	(2,422)
Eliminated on disposal of subsidiaries	—	(2,381)	(5,271)	(246)	(7,898)
Balance at 31 March 2010	—	—	577	—	577
Depreciation expense	1,119	38	584	61	1,802
Effect of foreign currency exchange differences	27	1	—	—	28
Balance at 31 March 2011	1,146	39	1,161	61	2,407
Carrying amounts					
Balance at 31 March 2011	**10,315**	**577**	**1,790**	**242**	**12,924**
Balance at 31 March 2010	—	—	2,242	303	2,545

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

18. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Company

	Furniture and equipment *HK$'000*
Cost	
Balance at 1 April 2009	2,513
Disposals	(2,513)
Balance at 31 March 2010, 1 April 2010 and 31 March 2011	—
Accumulated depreciation and impairment	
At 1 April 2009	2,351
Depreciation expense	37
Eliminated on disposals of assets	(2,388)
Balance at 31 March 2010, 1 April 2010 and 31 March 2011	—
Carrying amounts	
Balance at 31 March 2010 and 31 March 2011	—

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Mining infrastructure:	10%
Plant and machinery:	10%
Furniture and equipment:	20%
Motor vehicles:	20%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

19. MINING RIGHTS

	Group
	HK$'000
Cost	
Balance at 1 April 2009, 31 March 2010 and 1 April 2010	250,050
Acquisition through business combination	113,988
Transfer to assets classified as held for sale	(91,405)
Effect of foreign currency exchange difference	15,592
Balance at 31 March 2011	288,225
Amortization and impairment	
Balance at 1 April 2009	7,144
Amortization expense	1,376
Balance at 31 March 2010	8,520
Amortization expense	2,181
Transfer to assets classified as held for sale	(4,045)
Effect of foreign currency exchange difference	449
Balance at 31 March 2011	7,105
Carrying amounts	
Balance at 31 March 2011	**281,120**
Balance at 31 March 2010	241,530

The mining rights represent the rights to conduct mining activities in various coal mines and gold mine situated in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

20. INTERESTS IN SUBSIDIARIES

	Company	
	2011	2010
	HK$'000	*HK$'000*
Unlisted shares, at cost	**—**	—
Amounts due from subsidiaries	**486,175**	338,172
	486,175	338,172
Less: accumulated impairment	**(121,012)**	(121,012)
	365,163	217,160
Amounts due from subsidiaries classified as current	**(45,029)**	(75,282)
	320,134	141,878

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

The amounts advanced to the subsidiaries included in the interests in subsidiaries above are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the Company's subsidiaries at 31 March 2011 are as follows:

Name of subsidiary	Place of incorporation and operations	Form of business structure	Issued share capital/ paid up capital	Percentage of equity attributable to the Company	Principal activities
Directly held					
Asian Time Development Limited	Hong Kong	Limited liability company	Ordinary HK$1	100%	Investment holding
Bless Luck International Limited	British Virgin Islands	Limited liability company	Ordinary US$1	100%	Investment holding
China Global International Enterprises Limited	Hong Kong	Limited liability company	Ordinary HK$1	100%	Investment holding
CWS International Trading Limited	British Virgin Islands	Limited liability company	Ordinary US$10	100%	Investment holding
Goldster Global Limited	British Virgin Islands	Limited liability company	Ordinary US$1	100%	Investment holding
Kingcheer Investments Limited	British Virgin Islands	Limited liability company	Ordinary US$1	100%	Investment holding
Longold Win Limited	British Virgin Islands	Limited liability company	Ordinary US$1	100%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

20. INTERESTS IN SUBSIDIARIES *(CONTINUED)*

Name of subsidiary	Place of incorporation and operations	Form of business structure	Issued share capital/ paid up capital	Percentage of equity attributable to the Company	Principal activities
Directly held (Continued)					
Longood Holdings Limited	British Virgin Islands	Limited liability company	Ordinary US$1	100%	Investment holding
Luckmore Development Limited	British Virgin Islands	Limited liability company	Ordinary US$1	100%	Investment holding
Wing Hing International (Holdings) Limited	Republic of Seychelles	Limited liability company	Ordinary US$1	100%	Investment holding
Indirectly held					
Bestkin International Limited	British Virgin Islands	Limited liability company	Ordinary US$1	100%	Investment holding
China Fortune International Investments Limited	Hong Kong	Limited liability company	Ordinary HK$1	100%	Investment holding
Lee Hing Mining Industry Limited	Hong Kong	Limited liability company	Ordinary HK$100	100%	Sale of minerals
Million Mining (Asia) Limited	Hong Kong	Limited liability company	Ordinary HK$100	80%	Investment holding
New Famous Development Limited	Hong Kong	Limited liability company	Ordinary HK$1	100%	Investment holding
Pacific Land International Limited	Hong Kong	Limited liability company	Ordinary HK$1	70%	Investment holding
Union Sense Development Limited	British Virgin Islands	Limited liability company	Ordinary US$100	70%	Investment holding
赤城縣佛安礦業有限公司 (transliterated as Chicheng County Foan Mining Company Limited)	PRC	Limited liability company	Registered capital RMB1 million	100%	Gold mining

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

20. INTERESTS IN SUBSIDIARIES *(CONTINUED)*

Name of subsidiary	Place of incorporation and operations	Form of business structure	Issued share capital/ paid up capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held (Continued)					
貴州寶興投資擔保有限公司 (transliterated as Guizhou Baoxia Investment and Guaranty Limited)	PRC	Wholly foreign owned enterprise	Registered capital US$10 million	100%	Loan guarantee service
貴州寶興礦業管理有限公司 (transliterated as Guizhou Baoxin Mining Management Limited)	PRC	Wholly foreign owned enterprise	Registered capital US$73,300	100%	Investment holding
貴州金億達礦業有限公司 (transliterated as Guizhou Jinyida Mining Company Limited)	PRC	Wholly foreign owned enterprise	Registered capital US$6,680,000	70%	Leasing of mining licenses and coal mining

21. TRADE AND OTHER RECEIVABLES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Accounts receivable	**34,790**	2,837
Deposits paid for acquisition of subsidiaries	**—**	33,000
Deposits paid for purchase of goods	**16,210**	15,521
Prepayments, deposits and other receivables	**6,927**	5,456
Less: Impairment of deposits paid for purchase of goods	**(8,105)**	—
	15,032	53,977
Less: Prepayments classified as non-current assets	**(1,410)**	—
	13,622	53,977
	48,412	56,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

21. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

The balance of deposits paid for acquisition of subsidiaries at 31 March 2010 comprised:

(a) a deposit of HK$25,000,000 in relation to the acquisition of the entire equity interest in Bestkin International Limited which was subsequently completed on 2 July 2010 (Note 34); and

(b) a deposit of HK$8,000,000 in relation to a proposed acquisition of subsidiaries which was subsequently terminated and refunded to the Group during the year ended 31 March 2011.

An aged analysis of accounts receivable net of allowance for doubtful debts at the end of reporting period, based on the invoice date, is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
0–90 days	**34,790**	2,837

The average credit period on sales of goods is 90 days. No interest is charged on trade receivables. None of the carry amounts of the Group's accounts receivable at the reporting period were past due or impaired, and there were no recent history of default for these receivables. The Group does not hold any collateral or other credit enhancement over these balances.

Movements in the allowance for doubtful debts

	Group	
	2011	2010
	HK$'000	*HK$'000*
Balance at the beginning of year	**—**	18,448
Amounts written off as uncollectible	**—**	(1,124)
Released upon disposal of subsidiaries	**—**	(17,324)
Balance at the end of year	**—**	—

22. PLEDGED BANK DEPOSITS

As at 31 March 2011, the Group has pledged bank deposits of approximately US$763,000 (equivalent to approximately HK$5,921,000) (2010: Nil) in relation to the provision of loan guarantee service in the PRC.

23. CASH AND BANK BALANCES

Bank balances carry interest at the market rates which range from 0.01% to 0.40% (2010: 0.01% to 0.36%) per annum.

At 31 March 2011, the cash and bank balances of approximately HK$1,532,000 (2010: approximately HK$4,256,000) were denominated in RMB which is not freely convertible into other currencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

24. TRADE AND OTHER PAYABLES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Other payables and accruals	**10,541**	1,815
Amount due to a director	**216**	206
Deposit received for disposal of mining licenses *(Note 12)*	**20,000**	—
	30,757	2,021

The amount due to a director is unsecured, interest-free and has no fixed terms of repayment.

25. PROMISSORY NOTE

On 3 September 2010, the Company issued a promissory note with a principal amount of HK$30,000,000 to the vendor as part of the purchase consideration for the acquisition of the entire equity interest in Bestkin International Limited, as detailed in Note 34. The promissory note was transferable, unsecured, carried interest at 3.5% per annum and had a fixed term of two years from the date of issue. The promissory note was fully settled during the year ended 31 March 2011 and a gain on early redemption of approximately HK$23,000 was recognized in profit or loss.

26. DEFERRED TAXATION

The following are the Group's major deferred tax balances recognized and movements thereon during the current and prior year:

Deferred tax liabilities

	Intangible assets	**Revaluation of assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2009	—	1,987	1,987
Released upon disposal of subsidiaries *(Note 35)*	—	(1,987)	(1,987)
At 31 March 2010	—	—	—
Acquisition of subsidiaries *(Note 34)*	26,445	—	26,445
Credited to profit or loss	(185)	—	(185)
Effect of foreign currency exchange differences	5	—	5
At 31 March 2011	**26,265**	**—**	**26,265**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

26. DEFERRED TAXATION *(CONTINUED)*

Deferred tax assets

	Tax losses *HK$'000*	Decelerated tax depreciation *HK$'000*	Total *HK$'000*
At 1 April 2009	649	341	990
(Charged)/Credited to profit or loss	(358)	358	—
Released upon disposal of subsidiaries *(Note 35)*	(291)	(699)	(990)
At 31 March 2010, 1 April 2010 and 31 March 2011	—	—	—

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries amounting to approximately HK$1,664,000 (2010: HK$5,703,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At the end of the reporting period, the Group has unused tax losses of approximately HK$18.3 million (2010: HK$25.3 million), which certain amounts are subject to approval from the Hong Kong Inland Revenue Department, available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognized in respect of the tax losses due to the unpredictability of future profit streams.

27. PROVISION FOR RESTORATION COST

	HK$'000
Balance at 1 April 2010	—
Additional provision recognized	320
Balance at 31 March 2011	320

In accordance with relevant PRC rules and regulations, the Group is obliged to accrue the cost for land reclamation and mine closures for the Group's existing mines. The provision for restoration cost has been determined by the directors based on their best estimates by reference to relevant PRC rules and regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

28. SHARE CAPITAL

	Notes	Number of shares	Share capital *HK$'000*
Authorized			
At 1 April 2009, ordinary shares of HK$1 each		150,000,000	150,000
Capital Reorganization	(a)	1,350,000,000	—
Share Subdivision	(b)	13,500,000,000	—
At 31 March 2010, 1 April 2010 and 31 March 2011, ordinary shares of HK$0.01 each		**15,000,000,000**	**150,000**
Issued and fully paid			
At 1 April 2009		89,860,000	89,860
Issue of share under subscription agreements	(c)	13,800,000	13,800
Issue of share under a placing agreement	(d)	12,000,000	12,000
Capital Reorganization	(a)	—	(104,094)
Issue of shares under Open Offer	(e)	46,264,000	4,626
Share Subdivision	(b)	1,457,316,000	—
Exercise of options	(f)	16,192,400	162
At 31 March 2010		1,635,432,400	16,354
Issue of shares under a placing agreement	(g)	80,000,000	800
Issue of shares under a placing agreement	(h)	346,000,000	3,460
Exercise of options	(i)	48,977,200	490
Exercise of warrants	(j)	87,500,000	875
At 31 March 2011		**2,197,909,600**	**21,979**

Notes:

(a) On 7 October 2009, the Company's board of directors (the "Board") announced that the Company intended to put forward to the shareholders for their approval the capital reorganization (the "Capital Reorganization"). Pursuant to the Capital Reorganization (i) the issued share capital of the Company would be reduced by cancelling the paid-up capital to the extent of HK$0.90 on each issued share such that the par value of each issued share would be reduced from HK$1.00 to HK$0.10, thereby giving rise to a credit of HK$104,094,000 (the "Capital Reduction"); (ii) the share subdivision would involve the sub-division of each authorized but unissued share into ten new shares; and (iii) upon the Capital Reduction and the Share Subdivision becoming effective, the entire amount standing to the credit of the share premium account of the Company would be reduced to nil (the "Share Premium Reduction"). The total credit amount arising from both the Capital Reduction and the Share Premium Reduction would be transferred to the contributed surplus account of the Company which would be utilized in accordance with the bye-laws of the Company and all applicable laws including, without limitation, to set-off against the accumulated losses of the Company. The special resolution in relation to the Capital Reorganization was duly passed by the shareholders at the special general meeting held on 12 November 2009 and became effective on the same date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

28. SHARE CAPITAL *(CONTINUED)*

Notes: (Continued)

(b) Pursuant to the ordinary resolution passed by the Company's shareholders at the special general meeting held on 4 January 2010, each of the issued and unissued shares of HK$0.10 each in the share capital of the Company was subdivided into ten shares of HK$0.01 each (the "Share Subdivision"). The Share Subdivision became effective on 5 January 2010.

(c) Pursuant to the subscription agreements dated 7 August 2009, the Company issued and allotted 10,350,000 and 3,450,000 new shares of HK$1 each in the capital of the Company to Galaxy Asset Management (HK) Limited and VMS Investment Group Limited, respectively, at the subscription price of HK$1.46 per share on 1 September 2009. The net proceeds amounted to approximately HK$20.0 million.

(d) Pursuant to the subscription agreement dated 25 September 2009, the Company issued and allotted 12,000,000 new shares of HK$1 each in the capital of the Company to Cheever Capital Management (Asia) Limited at the subscription price of HK$1.78 per share on 13 October 2009. The net proceeds amounted to approximately HK$21.2 million.

(e) On 16 November 2009, the Board announced the Company proposed to raise approximately HK$83.3 million (before expenses) by issuing 46,264,000 offer shares of HK$0.1 each in the capital of the Company (the "Offer Shares") at a subscription price of HK$1.80 per Offer Share by way of an open offer, payable in full on acceptance, on the basis of two Offer Shares for every five shares held by qualifying shareholders on the record date (the "Open Offer"). Completion of the Open Offer took place on 29 December 2009 and 46,264,000 Offer Shares were allotted and issued at a subscription price of HK$1.80 per Offer Share. The Company raised a sum of approximately HK$83.3 million before expenses through the Open Offer.

(f) Share options were exercised by option holders during the year ended 31 March 2010 to subscribe for a total of 16,192,400 shares of HK$0.01 each by payment of subscription monies of approximately HK$2,989,000, of which approximately HK$162,000 was credited to share capital and the balance of approximately HK$2,827,000 was credited to the share premium account.

(g) On 5 May 2010, the Company announced that an aggregate of 80,000,000 shares of HK$0.01 each in the capital of the Company were placed to not fewer than six placees, at the placing price of HK$0.50 per placing share, pursuant to the placing agreement dated 26 April 2010 entered into between the Company and a placing agent. The net proceeds amounted to approximately HK$39.5 million.

(h) On 27 January 2011, the Company announced that an aggregate of 346,000,000 shares of HK$0.01 each in the capital of the Company were placed to not fewer than six placees, at the placing price of HK$0.40 per placing share, pursuant to the placing agreement dated 18 January 2011 entered into between the Company and a placing agent. The net proceeds amounted to approximately HK$135.5 million.

(i) Share options were exercised by option holders during the year ended 31 March 2011 to subscribe for a total of 48,977,200 shares of HK$0.01 each by payment of subscription monies of approximately HK$9,041,000, of which approximately HK$490,000 was credited to share capital and the balance of approximately HK$8,551,000 was credited to the share premium account.

(j) Warrants were exercised by warrant holder during the year ended 31 March 2011 to subscribe for a total of 87,500,000 shares of HK$0.01 each by payment of subscription monies of approximately HK$14,000,000, of which approximately HK$875,000 was credited to share capital, approximately HK$13,212,500 was credited to the share premium account and approximately HK$87,500 was debited to the warrant reserve account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

29. RESERVES

Company

	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000 (Note (a))	Warrant reserve HK$'000	Share option reserve HK$'000	(Accumulated losses)/ Retained profit HK$'000	Total HK$'000
At 1 April 2009	54,326	(800)	51,562	—	—	(42,850)	62,238
Loss for the year	—	—	—	—	—	(44,282)	(44,282)
Issue of ordinary shares by way of subscription *(Note 28(c) and (d))*	15,708	—	—	—	—	—	15,708
Transaction costs attributable to issue of new ordinary shares	(260)	—	—	—	—	—	(260)
Capital Reorganization *(Note 28(a))*	(69,774)	—	96,266	—	—	77,602	104,094
Issue of ordinary shares under Open Offer *(Note 28(e))*	78,649	—	—	—	—	—	78,649
Transaction costs attributable to Open Offer	(3,678)	—	—	—	—	—	(3,678)
Issue of warrants *(Note (b))*	—	—	—	324	—	—	324
Recognition of equity-settled share-based payment	—	—	—	—	5,742	—	5,742
Issue of ordinary shares under share option scheme *(Note 28(f))*	3,784	—	—	—	(957)	—	2,827
At 31 March 2010	78,755	(800)	147,828	324	4,785	(9,530)	221,362
Loss for the year	—	—	—	—	—	(10,202)	(10,202)
Issue of ordinary shares by way of subscription *(Note 28(g) and (h))*	174,140	—	—	—	—	—	174,140
Transaction costs attributable to issue of new ordinary shares	(3,371)	—	—	—	—	—	(3,371)
Issue of ordinary shares under share option scheme *(Note 28(i))*	11,446	—	—	—	(2,895)	—	8,551
Issue of ordinary shares on exercise of warrants *(Note 28(j))*	13,213	—	—	(88)	—	—	13,125
At 31 March 2011	**274,183**	**(800)**	**147,828**	**236**	**1,890**	**(19,732)**	**403,605**

Notes:

(a) The contributed surplus of the Company represents reserves arising from (i) the difference between the then combined net assets of the subsidiaries acquired pursuant to the group reorganization completed on 2 October 1995 over the nominal value of the share capital of the Company issued in exchange thereof; and (ii) the Capital Reorganization during the year ended 31 March 2010. In accordance with the laws of Bermuda, the contributed surplus is distributable in certain circumstances.

(b) On 26 February 2010, the Company entered into the warrant subscription agreement with Orient Best Holdings Limited (the "Subscriber"), pursuant to which the Company agreed to issue and the Subscriber agreed to subscribe for 323,848,000 warrants at the issue price of HK$0.001 per warrant. Each of the warrants carried the right to subscribe for one warrant share at the initial exercise price of HK$0.16 per warrant share during a period of 5 years commencing from (and inclusive of) the date of issue of the warrants. The net proceeds from the warrant subscription amounted to approximately HK$324,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

30. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees.

The employees of the Group's subsidiary in the PRC are members of a stated-managed retirement benefit plan operated by the government of the PRC. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognized in the consolidated statement of comprehensive income of approximately HK$106,000 (2010: HK$593,000) represents contributions payable to these plans by the Group at rate specified in the rules of the plans. At 31 March 2011, no forfeited contributions available for the Group to offset contributions payable in future years (2010: Nil).

31. SHARE-BASED PAYMENT TRANSACTIONS

(a) Share option scheme adopted by the Company on 28 August 2002 and terminated on 4 January 2010

The Company operated a share option scheme (the "2002 Share Option Scheme") for the purpose of providing incentives or rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that were valuable to the Group and any entity in which the Group held an equity interest (the "Invested Entity"). Eligible participants of the 2002 Share Option Scheme included the directors and employees of the Company, its subsidiaries or any Invested Entity, suppliers and customers of the Group or any Invested Entity, any technical, financial and legal professional advisers engaged by the Group or any Invested Entity, and any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity. The 2002 Share Option Scheme became effective on 28 August 2002 and was terminated by the shareholders of the Company on 4 January 2010.

The Company had not granted any share options under 2002 Share Option Scheme during the year ended 31 March 2011 (2010: Nil). At 31 March 2010 and 2011, there were no outstanding share options.

(b) Share option scheme adopted by the Company on 4 January 2010

An ordinary resolution was duly passed by the shareholders of the Company at the special general meeting held on 4 January 2010 to adopt the new share option scheme (the "New Share Option Scheme") and terminate the 2002 Share Option Scheme.

The purpose of the New Share Option Scheme is to provide the Company with a flexible and effective means of incentivizing, rewarding, remunerating, compensating and/or providing benefits to participants in recognition of their contribution to the Group. Eligible participants of the New Share Option Scheme include any person who is an employee holding salaried office or employment under a contract with the Company, any of its holding companies and any of their respective subsidiaries, and any entity (including associated company) in which the Company, any of its holding companies or any of their respective subsidiaries holds any equity interest (the "Eligible Entity") or is a director (including executive and non-executive directors) of an Eligible Entity or any adviser, consultant, agent, contractor, customer and supplier of any member of the Group or any Eligible Entity whom the board of directors in its sole discretion considers eligible for the New Share Option Scheme on the basis of his or her contribution to the Group. The New Share Option Scheme became effective on 4 January 2010 and, unless otherwise cancelled or amend, will remain in force for 10 years from that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

31. SHARE-BASED PAYMENT TRANSACTIONS *(CONTINUED)*

(b) Share option scheme adopted by the Company on 4 January 2010 *(Continued)*

The maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the New Share Option Scheme and all outstanding options granted and yet to be exercised under any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time. The total number of shares which may be issued upon exercise of all share options to be granted under the New Share Option Scheme and any options to be granted under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue on 4 January 2010. Share options which lapsed in accordance with the terms of the New Share Option Scheme and any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. The Company may seek approval of the shareholders in a general meeting for refreshing the 10% limit under the New Share Option Scheme, save that the total number of shares which may be issued upon exercise of all share options is granted under the New Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as refreshed. Share options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including share options outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

Each grant of the share options to a director, chief executive or substantial shareholder of the Company, or to any of their associates, under the New Share Option Scheme must be subject approved by independent non-executive directors to whom share options have not been granted. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or any of their associates, which would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted under the New Share Option Scheme (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in aggregate over 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK$5 million, must be approved by the shareholders in a general meeting.

The offer of a grant of share options shall be accepted within 21 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, save that such period shall not be more than 10 years from the date of the offer of the share options, subject to the provisions for early termination set out in the New Share Option Scheme. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto, except as otherwise imposed by the board of directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

31. SHARE-BASED PAYMENT TRANSACTIONS *(CONTINUED)*

(b) Share option scheme adopted by the Company on 4 January 2010 *(Continued)*

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

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

Details of specific categories of share options under the New Share Option Scheme are as follows:

Option type	Date of grant	Exercise period	Exercise price	Fair value at grant date
Year 2010	2 March 2010	2 March 2010 to 2 March 2012	HK$0.1846	HK$0.0591

In accordance with the terms of the New Share Option Scheme, options granted during the financial year ended 31 March 2010, vested at the date of grant. No option was granted during the year ended 31 March 2011.

The fair value of the share options granted during the year ended 31 March 2010 is HK$0.0591 each. Options were priced using a binomial option pricing model. Expected volatility was based on the historical share price volatility of other companies in similar industry over the past two years.

Inputs into the model

	Option type Year 2010
Grant date share price	HK$0.1830
Exercise price	HK$0.1846
Expected volatility	80.39%
Dividend yield	Nil
Risk-free interest rate	0.5950%
Exercise multiple	1.70

The binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions. No other feature of options granted was incorporated into the measurement of fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

31. SHARE-BASED PAYMENT TRANSACTIONS *(CONTINUED)*

The following table discloses movements of the Company's share options held by directors and employees under the New Share Option Scheme during the year ended 31 March 2011.

Option type	Outstanding at 1 April 2010	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31 March 2011
Year 2010	80,962,000	—	(48,977,200)	—	—	31,984,800
Exercisable at the end of year						31,984,800
Weighted average exercised price	HK$0.1846	—	HK$0.1846	—	—	HK$0.1846

The following table discloses movements of the Company's share options held by directors and employees under the New Share Option Scheme during the year ended 31 March 2010.

Option type	Outstanding at 1 April 2009	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31 March 2010
Year 2010	—	97,154,400	(16,192,400)	—	—	80,962,000
Exercisable at the end of year						80,962,000
Weighted average exercised price	—	HK$0.1846	HK$0.1846	—	—	HK$0.1846

The following share options granted under the New Share Option Scheme were exercised in the current year:

Option type	Number exercised	Exercise date	Share price at exercise date
Year 2010	8,096,200	30 June 2010	HK$0.50
Year 2010	8,096,200	23 July 2010	HK$0.49
Year 2010	700,000	23 August 2010	HK$0.49
Year 2010	16,192,400	30 September 2010	HK$0.485
Year 2010	15,892,400	25 October 2010	HK$0.57
	48,977,200		

At 31 March 2011, the number of shares in respect of which options had been granted and remained outstanding under the New Share Option Scheme was 31,984,800 (2010: 80,962,000), representing approximately 1.5% (2010: 5.0%) of the shares of the Company in issue at that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

32. 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 maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt (which includes trade and other payables), cash and cash equivalents and equity attributable to owners of the Company (comprising issued share capital, reserves and retained profits/(accumulated losses)).

Gearing ratio

	2011	2010
	HK$'000	*HK$'000*
Debt (i)	**30,757**	2,021
Cash and cash equivalents	**(156,069)**	(45,907)
Net debt	**(125,312)**	(43,886)
Equity (ii)	**532,945**	342,283
Net debt to equity ratio	**N/A**	N/A

Notes:

(i) Debt comprises trade and other payables as detailed in Note 24.

(ii) Equity includes all capital and reserves of the Company.

33. FINANCIAL INSTRUMENTS

33.1 Categories of financial instruments

	Group	
	2011	2010
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**210,082**	48,744
Financial liabilities		
Amortized cost	**30,757**	2,021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

33. FINANCIAL INSTRUMENTS *(CONTINUED)*

33.2 Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposits, cash and bank balances, and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

33.2.1 *Market risk*

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

33.2.1.1 *Foreign currency risk management*

During the year ended 31 March 2011, the Group mainly operated in Hong Kong and the PRC and the majority of the Group's transactions and balances as at and for the year ended 31 March 2011 was denominated in Hong Kong dollars, Renminbi and United States dollars. Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 78% of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sale, whilst approximately 18% of costs are denominated in the group entity's respective functional currencies. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

In view of the fact that the Hong Kong dollar ("HK$") is pegged to the United States dollar ("US$"), the Group's exposure to foreign exchange risk is minimal.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currencies exchange rate, with all other variables held constant, of the Group's loss after income tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/ (Decrease) %	(Increase)/ Decrease in loss after income tax HK$'000	Increase/ (Decrease) in equity HK$'000
2011			
If HK$ weakens against RMB	**5**	**96**	**96**
If HK$ strengthens against RMB	**(5)**	**(96)**	**(96)**
If RMB weakens against US$	**5**	**3,738**	**3,738**
If RMB strengthens against US$	**(5)**	**(3,738)**	**(3,738)**
2010			
If HK$ weakens against RMB	5	355	355
If HK$ strengthens against RMB	(5)	(355)	(355)
If RMB weakens against US$	5	—	—
If RMB strengthens against US$	(5)	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

33. FINANCIAL INSTRUMENTS *(CONTINUED)*

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

33.2.1 *Market risk* *(Continued)*

33.2.1.2 *Interest rate risk management*

The Group is not exposed to significant fair value interest rate risk and cash flows interest rate risk. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

33.2.1.3 *Other price risk*

As the Group has no significant investments, the Group is not subject to significant price risk.

33.2.2 *Credit risk management*

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 an obligation by the counterparties and loan guarantees provided by the Group is arising from:

- the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to loan guarantee issued by the Group as disclosed in Note 38.

At 31 March 2011, the Company's maximum exposure to credit risk in the event of that counterparties fail to perform their obligations as at 31 March 2011 in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the statement of financial position.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual receivable at the end of each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group's exposure in relation to the loan guarantee business is the failure of the counterparties to perform their obligations to repay to the banks on time as detailed in Note 38. In order to minimize the credit risk in relation to the loan guarantee business, the Group has set up a credit team in each location responsible for the evaluation of customers' credit rating to ensure that all customers have healthy financial backgrounds and adequate repayment ability. The credit teams are also required to take follow-up action where customers have defaulted on the repayment of loans to banks. As at 31 March 2011, all of the loan guarantee amounts are secured by assets pledged by customers.

The credit risk on liquid funds is limited because the majority of the counterparties are banks with high credit-ratings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

33. FINANCIAL INSTRUMENTS *(CONTINUED)*

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

33.2.3 *Liquidity risk management*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

	On demand	Less than 3 months	3 months to 1 year	1–5 years	Total undiscounted cash flows	Total carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2011						
Non-derivative financial liabilities						
Trade and other payables	—	30,757	—	—	30,757	30,757
2010						
Non-derivative financial liabilities						
Trade and other payables	—	2,021	—	—	2,021	2,021

33.3 Fair value of financial instruments

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 on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

(ii) The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

34. BUSINESS COMBINATIONS

Pursuant to an acquisition agreement dated 8 February 2010, a supplemental agreement dated 14 May 2010 and a second supplemental agreement dated 2 July 2010, the Group acquired the entire equity interest in Bestkin International Limited. The acquisition was completed on 2 July 2010.

Bestkin International Limited (through its subsidiary) was mainly involved in holding the mining license for conducting mining activity at a gold mine located in the PRC.

The net assets acquired in the acquisition were as follows:

	HK$'000
Non-current assets	
Mining rights	113,988
Property, plant and equipment	157
Current assets	
Inventories	54
Trade and other receivables	227
Bank balances	1,245
Current liabilities	
Trade and other payables	(1,188)
Non-current liabilities	
Deferred tax liabilities	(26,445)
	88,038

Consideration transferred

	HK$'000
Cash consideration paid	58,000
Fair value of promissory note issued *(Note)*	30,038
Total	88,038

Note: The fair value of the promissory note issued was determined by discounting the amounts payable to their present value at the date of exchange.

Acquisition-related costs amounting to HK$781,000 have been excluded from the consideration transferred and have been recognized as an expense in the period, within the "administrative and operating expenses" line item in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

34. BUSINESS COMBINATIONS *(CONTINUED)*

Net cash outflow arising on acquisition of subsidiaries for the year ended 31 March 2011 is as follows:

	HK$'000
Consideration paid in cash	58,000
Less: Cash and cash equivalents acquired	(1,245)
	56,755
Less: Deposit paid in prior year	(25,000)
Total	31,755

Loss for the year includes HK$401,000 of profit attributable to Bestkin International Limited and its subsidiaries. Revenue for the year includes HK$4,925,000 attributable to Bestkin International Limited and its subsidiaries.

Had the business combination been effected at 1 April 2010, the revenue of the Group from continuing operations would have been approximately HK$43,905,000, and the loss for the year from continuing operations would have been approximately HK$24,863,000.

35. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2010

Disposal of the entire equity interests in Club Ace Holdings Limited and its shareholder's loan

Pursuant to a sale and purchase agreement (the "CAH Disposal Agreement") dated 7 September 2009 entered into between the Company (as vendor) and Mr. Ng Tat Leung, George (a former executive director of the Company) (as purchaser), the Company disposed of the entire issued share capital of Club Ace Holdings Limited and the shareholder's loan to Mr. Ng Tat Leung, George for a total consideration of HK$1,000,000. The disposal constituted a very substantial disposal and a connected transaction on the part of the Company under the Listing Rules, further details of which were set out in the Company's circular dated 28 September 2009. Club Ace Holdings Limited and its subsidiaries, associates and jointly-controlled entities previously carried on all of the Group's construction operations. Upon completion of the CAH Disposal Agreement on 21 October 2009, the Group ceased to hold any equity interest in Club Ace Holdings Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

35. DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

Consideration received

	HK$'000
Costs directly attributable to the disposals	(1,394)
Cash consideration	1,000
Total consideration received	(394)

The consolidated net assets of Club Ace Holdings Limited at the date of disposal were as follows:

	HK$'000
Current assets	
Contract retention receivables	15,640
Trade and other receivables	75,445
Cash and bank balances	48,085
Due from associates	6,371
Non-current assets	
Property, plant and equipment	3,309
Interests in jointly-controlled entities	(10,557)
Interest in an associate	2,348
Current liabilities	
Due to jointly-controlled entities	(3,916)
Trade and other payables	(133,036)
Deferred tax liabilities	(997)
Due to non-controlling interests	(1,035)
Net assets disposed of	1,657

Loss on disposal of subsidiaries

	HK$'000
Consideration received	(394)
Net assets disposed of	(1,657)
Loss on disposal of subsidiaries	(2,051)

The loss on disposal of subsidiaries is included in the loss for the year from discontinued operations in the consolidated statement of comprehensive income (Note 11).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

35. DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

Net cash outflow arising on disposals of subsidiaries for the year ended 31 March 2010 was as follows:

	HK$'000
Costs directly attributable to the disposals	(1,394)
Cash consideration	1,000
Cash and bank balances disposed of	(48,085)
	(48,479)

36. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancelable operating leases in respect of rented premises which fall due as follows:

	2011	2010
	HK$'000	*HK$'000*
Within one year	**274**	935
In the second to fifth year inclusive	**—**	233
	274	1,168

37. COMMITMENTS

	2011	2010
	HK$'000	*HK$'000*
Commitment under a service agreement	**—**	9,571
Capital commitment under an agreement for acquisition of subsidiaries	**—**	53,000
Capital commitment to the registered capital of a PRC subsidiary payable by the Group (US$926,700)	**7,228**	—
	7,228	62,571

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

38. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had contingent liabilities of approximately RMB19,200,000 (equivalent to approximately HK$22,760,000) (2010: Nil) in relation to the provision of loan guarantee service in the PRC.

39. RELATED PARTY TRANSACTIONS

Apart from those disclosed elsewhere in these financial statements, the Group entered into the following significant related party transactions during the year ended 31 March 2011:

	2011	2010
	HK$'000	*HK$'000*
Consultancy fees paid to a director of a subsidiary	**1,158**	—

Compensation to key management personnel

	2011	2010
	HK$'000	*HK$'000*
Short-term benefits	**1,382**	2,815
Post-employment benefits	**29**	45
Share-based payments	**—**	1,914
	1,411	4,774