THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Bright Prosperous Holdings Limited (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Bright Prosperous Holdings Limited
晉盈控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 723)

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN ANEX FAR EAST LIMITED

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

VEDA | CAPITAL
智略資本

A notice convening the special general meeting of the Company to be held at the Conference Room, Rooms 3001-02, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 9 February 2010 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular.

Whether or not you are able to attend the special general meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's branch registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

* *for identification purpose only*

25 January 2010

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following respective meanings:

"Anex Construction"	Anex Construction and Engineering Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
"Anex Far East"	Anex Far East Limited, a company incorporated under the Companies Ordinance with limited liability
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	any day (other than a Saturday, Sunday or public holiday) on which the Stock Exchange is opened for trading
"Companies Ordinance"	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
"Company"	Bright Prosperous Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Disposal
"connected person(s)"	has the same meaning ascribed thereto under the Listing Rules
"Director(s)"	director(s) of the Company
"Disposal"	the proposed disposal of the Sale Share pursuant to the terms and conditions of the Disposal Agreement
"Disposal Agreement"	the conditional sale and purchase agreement dated 15 December 2009 entered into between Anex Construction and the Purchaser in relation to the Disposal
"Disposal Group"	Anex Far East, United Anex Engineering and United Anex Macau
"Group"	the Company and its subsidiaries

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Company comprising all the independent non-executive Directors, namely Mr. Leung Siu Hung, Joel, Mr. Chu Kin Wang, Peleus and Mr. John Tewksbury Banigan, established to advise and give recommendation to the Independent Shareholders regarding the Disposal Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders other than the Purchaser, Mr. Ng San Wa Lawrence and their respective associates
"Latest Practicable Date"	21 January 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"Performance Bond"	the performance bond issued by Hang Seng Bank Limited in favour of Gammon Construction Limited for the supply and installation of reconstituted stone works for the development of One Island East, Quarry Bay, Hong Kong (a project holding by United Anex Engineering) and guaranteed by the Company in the sum of HK$4,500,000.00
"PRC"	the People's Republic of China, for the purpose of this circular, excluding Hong Kong, Macau and Taiwan
"Purchaser"	United Marble Company Limited, a company incorporated under the Companies Ordinance with limited liability, which is beneficially owned by Mr. Ng San Wa Lawrence
"Remaining Group"	the Group excluding the Disposal Group
"Sale Share"	the entire issued share capital of Anex Far East
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

"SGM"	the special general meeting of the Company to be convened at the Conference Room, Rooms 3001-02, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 9 February 2010 at 10:30 a.m. to consider and, if thought fit, to approve the Disposal Agreement and the transactions contemplated thereunder
"Share(s)"	ordinary share(s) of HK$0.0533 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholder's Loan"	the sum of the outstanding loan owed by the Disposal Group to the Remaining Group on Completion and to be waived by the Company pursuant to the Disposal Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United Anex Engineering"	United Anex Engineering Limited, a company incorporated under the Companies Ordinance with limited liability
"United Anex Macau"	United Anex (Macau) Limited, a company incorporated in Macau with limited liability
"Veda Capital"	Veda Capital Limited, a corporation licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activity, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal Agreement and the transactions contemplated thereunder
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"%"	percentage or per centum

Bright Prosperous Holdings Limited
晉盈控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 723)

Executive Directors:
Mr. Leung Chau Ping, Paul
Mr. Chiu Raymond Yim
Mr. Leandro Dos Martires Guerra

Independent non-executive Directors:
Mr. Leung Siu Hung, Joel
Mr. Chu Kin Wang, Peleus
Mr. John Tewksbury Banigan

Registered office:
Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

Principal place of business in Hong Kong:
Rooms 3001-02
Top Glory Tower
262 Gloucester Road
Causeway Bay
Hong Kong

25 January 2010

To the Shareholders and, for information purpose only, the holders of the convertible preferred shares of the Company

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL
AND
CONNECTED TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN
ANEX FAR EAST LIMITED

INTRODUCTION

On 15 December 2009, Anex Construction and the Purchaser entered into the Disposal Agreement pursuant to which Anex Construction has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Share for an aggregate consideration of HK$8.28 million, payable by way of solicitors' cheque or cashier order. The Sale Share represents the entire issued share capital of Anex Far East. As at the Latest Practicable Date, Anex Far East held 60% of the respective equity interests in United Anex

* *for identification purpose only*

Engineering and United Anex Macau whereas the Purchaser held the remaining 40% equity interests in each of United Anex Engineering and United Anex Macau. Upon Completion, the Disposal Group will cease to be subsidiaries of the Company and the results of the Disposal Group will no longer be consolidated into the financial statements of the Group.

The purpose of this circular is to provide you with, among other things, (i) further information on the Disposal; (ii) the letter from the Independent Board Committee giving its recommendation to the Independent Shareholders on the Disposal Agreement and the transactions contemplated thereunder; (iii) the letter from Veda Capital containing its advice to the Independent Board Committee and the Independent Shareholders on the Disposal Agreement and the transactions contemplated thereunder; (iv) the financial information of the Group; (v) the unaudited pro forma financial information of the Remaining Group; and (vi) the notice of SGM.

THE DISPOSAL

Date

15 December 2009

Parties

Vendor : Anex Construction (a wholly-owned subsidiary of the Company)

Purchaser : United Marble Company Limited

The principal activity of the Purchaser is supply and installation of building materials. The Purchaser is ultimately and beneficially owned by Mr. Ng San Wa Lawrence who is also the managing director of United Anex Engineering and United Anex Macau. He is responsible for the business development, overall strategic planning and operation management of United Anex Engineering and United Anex Macau. The Purchaser is a connected person of the Company by virtue of the fact that (i) it is a substantial shareholder of United Anex Engineering and United Anex Macau, holding 40% equity interests in each of United Anex Engineering and United Anex Macau as at the Latest Practicable Date; and (ii) it is ultimately and beneficially owned by Mr. Ng San Wa Lawrence who is a director of United Anex Engineering and United Anex Macau.

Asset to be disposed of

The asset to be disposed of is the Sale Share, being the entire issued share capital of Anex Far East. The principal assets held by Anex Far East are 60% of the respective equity interests in United Anex Engineering and United Anex Macau. For further details on the Disposal Group, please refer to the paragraphs headed "Information on the Disposal Group" below.

Consideration of the Disposal

The consideration for the Sale Share of HK$8.28 million shall be payable by the Purchaser to Anex Construction at Completion by way of solicitors' cheque or cashier order.

The consideration for the Sale Share was agreed between Anex Construction and the Purchaser after arm's length negotiations and was principally determined with reference to, among other things, (i) the unaudited combined net assets of the Disposal Group of approximately HK$5.83 million as at 31 March 2009; (ii) the unaudited combined losses attributable to its shareholders of approximately HK$0.74 million for the year ended 31 March 2009; and (iii) the uncertainty in the future development of the building material business of the Disposal Group.

Conditions precedent

Completion shall be conditional upon:

(i) approval of, among other things, the transactions contemplated under the Disposal Agreement and the implementation of such transactions by the Independent Shareholders, in the SGM pursuant to the requirements of the Listing Rules;

(ii) all requirements imposed by the Stock Exchange under the Listing Rules or otherwise in connection with the transactions contemplated under the Disposal Agreement having been fully complied with;

(iii) all waivers, consents, approvals or confirmations of the Stock Exchange which are required or appropriate or in relation thereto, and all relevant waivers, consents, approval or confirmations required for the purposes of the parties for the entering into and the implementation of the Disposal Agreement, having been obtained; and

(iv) the Purchaser procures to release the Performance Bond or the obligations and liabilities of the Company under the Performance Bond on or before 19 March 2010.

None of the above conditions are capable of being waived. If the conditions above have not been satisfied on or before 4:00 p.m. on 31 March 2010, the Disposal Agreement shall cease and terminate and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place within five (5) Business Days upon the due performance and fulfillment of all the above conditions precedent but in any event not earlier than 19 March 2010 and not later than 4:00 p.m. of 31 March 2010.

Upon Completion, the Company, on its own and on behalf of the Remaining Group, shall deliver to the Purchaser or its solicitors, among other things, a written confirmation to waive the Shareholder's Loan in amounts of HK$3,276,604.90 and HK$2,448,000.00 as at the date of the Agreement (and the Company would also confirm that such sum will remain unchanged until Completion) due by Anex Far East, United Anex Engineering and United Anex Macau respectively to the Remaining Group as at the date of Completion.

Upon Completion, the Disposal Group will cease to be subsidiaries of the Company and the results of the Disposal Group will no longer be consolidated into the financial statements of the Group.

INFORMATION ON THE DISPOSAL GROUP

Anex Far East was incorporated under the Companies Ordinance with limited liability on 31 October 2005. Its principal activities are investment holding, installation and trading of building materials. Anex Far East has not carried out any business since the financial year ended 31 March 2008 and is currently holding 60% of the respective equity interests in United Anex Engineering and United Anex Macau.

United Anex Engineering was incorporated under the Companies Ordinance with limited liability on 12 December 2006. It is engaged in the building materials business with a focus on marble, stone and tile supply and installation in Hong Kong. It actively participates in marble, stone and tile installation and cladding works for various types of projects comprising the construction sites of prestige office buildings and deluxe apartments. United Anex Engineering is currently focusing on a deluxe residential development project at 80 Sheung Shing Street, Homantin for the supply and installation of external stone cladding for the whole development.

United Anex Macau was incorporated in Macau with limited liability on 18 December 2006. It is engaged in the building materials business with a focus on marble, stone and tile supply and installation in Macau. Similar to the business of United Anex Engineering, it actively participates in marble, stone and tile installation and cladding works for various types of projects comprising the construction sites of prestige office buildings, deluxe apartments and mixed development of casino and retails arcades. United Anex Macau has been awarded with contract works in One Central, Macau which is a mixed-used project combining residential, hotel, serviced apartments and retail facilities in Macau jointly developed by leading development consortium Shun Tak Development Group and Hongkong Land for the supply and installation of both internal and external stone works in its retail arcades and ground floor promenade of the hotel.

Set out below is the summary of key audited combined financial information of the Disposal Group prepared using the International Financial Reporting Standards issued by the International Accounting Standards Board for the two years ended 31 March 2008 and 2009 and for the four months ended 31 July 2009, which is extracted from the accountants' report on the Group as set out in Appendix I to this circular:

	For the year ended 31 March		**For the four months ended**
	2008	**2009**	**31 July 2009**
	HK$ million	*HK$ million*	*HK$ million*
Revenue	121.59	155.88	46.79
(Loss)/Profit before taxation	8.20	0.67	(5.09)
(Loss)/Profit attributable to shareholders	3.12	(0.74)	(3.45)

	As at 31 March		**As at**
	2008	**2009**	**31 July 2009**
	HK$ million	*HK$ million*	*HK$ million*
Net assets	5.89	5.83	0.74
Total assets	76.73	53.11	40.28

REASONS FOR THE DISPOSAL

Apart from engaging in the building materials business with a focus on marble, stone and tile supply and installation, the Group is also engaged in the business of sustainable management and investments in tropical hardwood and softwood natural forests in Brazil and Russia, trading, processing, marketing and distribution of timber products under its brand to the PRC, India, Europe, Japan and the United States of America (the "Forestry Business"). On 28 February 2009, the Group entered into a conditional acquisition agreement to purchase the Forestry Business for a total consideration of HK$1,860,045,000 (subject to adjustment). Details of the aforesaid acquisition are disclosed in the announcement and circular of the Company dated 10 March 2009 and 25 June 2009 respectively. The acquisition of the Forestry Business was subsequently completed on 31 July 2009. Following the acquisition of the Forestry Business, the Group intends to shift its focus and allocate more resources into investment in and sustainable management of forest resources and expand its capacity for processing timber and manufacturing wood products. Recently, Universal Timber Resources Do Brasil Participacao Ltda, a non wholly-owned subsidiary of the Company has entered into memorandums of intent with a third party independent of the Group and its connected person in relation to the acquisition of the entire equity interests in a company incorporated in Brazil which is principally engaged in sustainable forest management, wood processing, distribution of timber products and has forest area of 137,500 hectares and factories for sawmill as well as fibreboard processing (the "MOUs"). Details of the aforesaid are disclosed in the announcements of the Company dated 28 September 2009 and 5 November 2009. In addition, the Group announced on 2 December 2009 that the same non wholly-owned subsidiary of the Company entered into a service agreement for provision of vegetation suppression, wood removal and clearing of forest area for the formation of a reservoir with a hydroelectric power plant Santo Antonio located in the state of Rondonia, Brazil (the "Service Agreement"). In view of the substantial investments in the Forestry Business, the Group intends to streamline its other business, such as the building materials business engaged by the Disposal Group and the property development business in the PRC, in order to focus the use of its manpower and resources on the development of the Forestry Business. The Group had disposed the property development companies to third parties independent of the Group and its connected person and the entire property development business ceased on 30 September 2009. The Group will have no more business activity in the building material business upon Completion and the Forestry Business will be the sole principal business of the Group after the Disposal.

The financial tsunami which swept across the world from September 2008 to the first half of 2009 has created immense pressure for the building materials and property development segments of the Group. Although global economy including the property market has started to recover from the trough in the past several months, the performance of the Disposal Group is still adversely affected by the slow down in the tendering process for building materials supply and installation. The Directors consider that marble, stone and tile supply and installation and the related industry in which the Group operates is highly competitive in Hong Kong and Macau. As set out in the above audited combined financial information of the Disposal Group, the profit margin for the year ended 31 March 2009 was apparently eroded as compared with the profit margin in the previous year due to inflated marble, stone and tile material costs, increase in labour costs, extensions in project duration and suspension of imported labour quotas. Taking into account the funding requirement of the Group to support the operation of the Forestry Business, the deteriorating performance of the Disposal Group, and the uncertainty in the future development of the building material business of the Disposal Group, the Company considers that the Disposal represents a good opportunity for the Group to realise its investment at a fair and reasonable price and provides capital and resources to the Group to focus on the Forestry Business.

In light of the above reasons, the Directors (including the independent non-executive Directors whose recommendation is contained in the "Letter from the Independent Board Committee" on page 13 of this circular) consider that the terms of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS AND FINANCIAL EFFECT OF THE DISPOSAL

The Company estimates that the net proceeds from the Disposal are approximately HK$5.78 million. The entire net proceeds will be used for general working capital of the Group and to fund any potential investments available to the Group in future.

On the basis that (i) the audited consolidated net assets of the Disposal Group attributable to its shareholders of approximately HK$0.74 million as at 31 July 2009; and (ii) the net proceeds from the Disposal of approximately HK$5.78 million, the Group is expected to record a gain of approximately HK$5.04 million upon Completion.

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix II to this circular, the financial effects of the Disposal are summarised as below:

Loss

As set out in Appendix II to this circular, the loss for the year ended 31 March 2009 was approximately HK$32.74 million. Assuming Completion had taken place on 1 April 2008, the unaudited pro forma loss of the Remaining Group for the year ended 31 March 2009 would be increased to approximately HK$37.00 million.

Net assets

As set out in Appendix II to this circular, the audited consolidated total assets and total liabilities of the Group as at 31 July 2009 were approximately HK$3,191.58 million and HK$999.44 million respectively. The audited consolidated net asset value attributable to Shareholders as at 31 July 2009 was approximately HK$2,192.14 million. Assuming Completion had taken place on 31 July 2009, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group would be approximately HK$3,158.42 million and HK$961.24 million respectively. The unaudited pro forma net asset value attributable to Shareholders was approximately HK$2,197.18 million.

Gearing

As set out in Appendix II to this circular, the gearing ratio of the Group, calculated with reference to the total interest-bearing borrowings divided by its equity attributable to the equity holders of the Company, was approximately 10.98% as at 31 July 2009. Assuming the Completion had taken place on 31 July 2009, the gearing ratio of the Remaining Group, calculated with reference to the total interest-bearing borrowings divided by its equity attributable to the equity holders of the Company, would be approximately 10.26% as at 31 July 2009.

TRADING AND FINANCIAL PROSPECTS

As described in the paragraphs headed "Reasons for the Disposal" above, after the acquisition of the Forestry Business in July 2009, the Group intends to streamline its unsatisfactory business in order to focus on the development of the Forestry Business and improve its operational efficiency. The Group will cease to engage in the building material business upon Completion and the Forestry Business will be the sole principal business of the Group after the Disposal. As a result, the Company intends to change its name to Sustainable Forest Holdings Limited in order to reflect the shift of the Company's focus on the Forestry Business. The special resolution in relation to the approval for the proposed change of the Company's name was duly passed by the Shareholders on 21 January 2010. Despite the Forestry Business contributed approximately HK$1.4 million in revenue to the Group for the two months ended 30 September 2009 since the completion of the acquisition on 31 July 2009, it is expected that more revenue would be generated from the Forestry Business given the fact that the Group has entered into the MOUs and the Service Agreement to strengthen and expand its source of income. Apart from the MOUs and the

Service Agreement, a wholly-owned subsidiary of the Company entered into a strategic long term contract on 30 December 2009 for the sale of timber products with China Flooring Holding Company Limited, a well-known wood flooring supplier in the PRC trading under the brand name of “Nature”. The Directors are optimistic about the future performance of the Forestry Business as the expansion into the Forestry Business provides good opportunity for the Group to tap in the new market which is of greater growth potential and higher profit margin. Meanwhile, the Group will continue to strive to explore investment opportunities in order to strengthen and expand its business portfolio.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under the Listing Rules. As the Purchaser is a connected person of the Company by virtue of the fact that (i) it is a substantial shareholder of United Anex Engineering and United Anex Macau, holding 40% equity interests in each of United Anex Engineering and United Anex Macau as at the Latest Practicable Date; and (ii) it is ultimately and beneficially owned by Mr. Ng San Wa Lawrence who is a director of United Anex Engineering and United Anex Macau, the Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal is subject to the approval by the Independent Shareholders at the SGM by way of poll.

As the Purchaser, Mr. Ng San Wa Lawrence and their respective associates did not hold any Shares as at the Latest Practicable Date, no existing Shareholder is therefore required to abstain from voting on the ordinary resolution to approve the Disposal Agreement and the transactions contemplated thereunder at the SGM.

THE SGM

The SGM will be held at the Conference Room, Rooms 3001-02, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong on Tuesday , 9 February 2010 at 10:30 a.m. to consider and, if thought fit, to approve the ordinary resolution in connection with the Disposal Agreement and the transactions contemplated thereunder.

A notice convening the SGM is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment meeting thereof if you so wish.

The ordinary resolution to approve the Disposal Agreement and the transactions contemplated thereunder at the SGM will be taken by poll and an announcement will be made by the Company after the SGM on the poll results.

RECOMMENDATIONS

Based on the reasons set out in the paragraph headed "Reasons for the Disposal" above, the Directors (including the independent non-executive Directors whose recommendation is contained in the "Letter from the Independent Board Committee" on page 13 of this circular) consider (i) the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the Disposal Agreement is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be put forward to the Independent Shareholders at the SGM to consider and, if thought fit, to approve the Disposal Agreement and the transactions contemplated thereunder.

GENERAL

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
Bright Prosperous Holdings Limited
Leung Chau Ping, Paul
Executive Director

Bright Prosperous Holdings Limited
晉盈控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 723)

25 January 2010

To the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN ANEX FAR EAST LIMITED

We refer to the circular of the Company dated 25 January 2010 (the "Circular"), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to (i) whether the terms of the Disposal Agreement are fair and reasonable so far as the Independent Shareholders; (ii) whether the entering into of the Disposal Agreement is in the interests of the Company and the Independent Shareholders as a whole; and (iii) how they should vote in respect of the relevant resolution to approve the Disposal Agreement and the transactions contemplated thereunder at the SGM. Veda Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 12 of the Circular, and the letter from Veda Capital to the Independent Board Committee and the Independent Shareholders which contains its advice in respect of the Disposal Agreement and the transactions contemplated thereunder, as set out on pages 14 to 25 of the Circular.

Having taken into account the advice of Veda Capital, we consider (i) the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the Disposal Agreement is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Disposal Agreement and the transactions contemplated thereunder.

Yours faithfully,
the Independent Board Committee

Leung Siu Hung, Joel	**Chu Kin Wang, Peleus**	**John Tewksbury Banigan**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

* *for identification purpose only*

The following is the full text of a letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders in respect of the Disposal Agreement prepared for the purpose of inclusion in this circular.

VEDA | CAPITAL
智略資本

Veda Capital Limited
Suite 1302, 13/F
Takshing House
20 Des Voeux Road Central
Hong Kong

25 January 2010

To the Independent Board Committee and the Independent Shareholders of
Bright Prosperous Holdings Limited

Dear Sirs,

VERY SUBSTANTIAL DISPOSAL
AND
CONNECTED TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN
ANEX FAR EAST LIMITED

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and the reasonableness of the Disposal Agreement and the transactions contemplated thereunder, details of which are set out in the circular to the Shareholders dated 25 January 2010 (the "**Circular**"), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

On 15 December 2009, Anex Construction and the Purchaser entered into the Disposal Agreement pursuant to which Anex Construction has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Share for an aggregate consideration of HK$8.28 million, payable by way of solicitors' cheque or cashier order and upon Completion, the sum of the outstanding loan (which amounted to approximately HK$5.72 million as at the date of the Disposal Agreement and the Remaining Group confirmed that such sum would remain unchanged until Completion) owed by the Disposal Group to the Remaining Group (the "**Shareholder's Loan**") will be waived by the Company. The Sale Share represents the entire issued share capital of Anex Far East. As at the Latest Practicable Date, Anex Far East held 60% of the respective equity interests in United Anex Engineering and United Anex Macau whereas the Purchaser held the remaining 40% equity interests in each of United Anex Engineering and United Anex Macau. Upon Completion, the Disposal Group will cease to be subsidiaries of the Company and the results of the Disposal Group will no longer be consolidated into the financial statements of the Group.

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under the Listing Rules. As the Purchaser is a connected person of the Company by virtue of the fact that (i) it is a substantial shareholder of United Anex Engineering and United Anex Macau, holding 40% equity interests in each of United Anex Engineering and United Anex Macau as at the Latest Practicable Date; and (ii) it is ultimately and beneficially owned by Mr. Ng San Wa Lawrence who is a director of United Anex Engineering and United Anex Macau, the Disposal also constitutes a connected transaction for the Company under the Listing Rules. Accordingly, the Disposal is subject to the approval by the Independent Shareholders at the SGM by way of poll.

The Independent Board Committee, comprising Mr. Leung Siu Hung, Joel, Mr. Chu Kin Wang, Peleus and Mr. John Tewksbury Banigan, has been established to advise the Independent Shareholders as to (i) whether the terms of the Disposal Agreement are fair and reasonable so far as the Independent Shareholders; (ii) whether the entering into of the Disposal Agreement is in the interests of the Company and the Independent Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution to approve the Disposal Agreement and the transactions contemplated thereunder at the SGM. The appointment of Veda Capital has been approved by the Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Director(s) and the management. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Director(s) and the management, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the date of the SGM. We have also assumed that all statements of belief, opinion and intention made by the Director(s) in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Director(s) and have been confirmed by the Director(s) that no material facts and representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Director(s) and management of the Company. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our recommendation regarding the Disposal Agreement.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the Disposal Agreement, we have taken into consideration the following factors and reasons:

Information on the Disposal Group

The asset to be disposed of is the Sale Share, being the entire issued share capital of Anex Far East. The principal assets held by Anex Far East are 60% of the respective equity interests in United Anex Engineering and United Anex Macau. As advised by the Company, the Shareholder's Loan (which amounted to approximately HK$5.72 million as at the date of the Disposal Agreement and the Remaining Group confirmed that such sum would remain unchanged until Completion) owed by the Disposal Group to the Remaining Group will be waived by the Company upon Completion.

As set out in the Letter from the Board (the "**Board Letter**"), Anex Far East was incorporated under the Companies Ordinance with limited liability on 31 October 2005. Its principal activities are investment holding, installation and trading of building materials. Anex Far East has not carried out any business since the financial year ended 31 March 2008 and is currently holding 60% of the respective equity interests in United Anex Engineering and United Anex Macau.

United Anex Engineering was incorporated under the Companies Ordinance with limited liability on 12 December 2006. It is engaged in the building materials business with a focus on marble, stone and tile supply and installation in Hong Kong. It actively participates in marble, stone and tile installation and cladding works for various types of projects comprising the construction sites of prestige office buildings and deluxe apartments. United Anex Engineering is currently focusing on a deluxe residential development project at 80 Sheung Shing Street, Homantin for the supply and installation of external stone cladding for the whole development.

United Anex Macau was incorporated in Macau with limited liability on 18 December 2006. It is engaged in the building materials business with a focus on marble, stone and tile supply and installation in Macau. Similar to the business of United Anex Engineering, it actively participates in marble, stone and tile installation and cladding works for various types of projects comprising the construction sites of prestige office buildings, deluxe apartments and mixed development of casino and retails arcades. United Anex Macau has been awarded with contract works in One Central, Macau which is a mixed-used project combining residential, hotel, serviced apartments and retail facilities in Macau jointly developed by leading development consortium Shun Tak Development Group and Hongkong Land for the supply and installation of both internal and external stone works in its retail arcades and ground floor promenade of the hotel.

Set out below is the summary of key audited combined financial information of the Disposal Group prepared using the International Financial Reporting Standards issued by the International Accounting Standards Board for the two years ended 31 March 2008 and 2009 and for the four months ended 31 July 2009 as extracted from Appendix I of the Circular:

	For the four months ended 31 July 2009	**For the year ended 31 March 2009**	**For the year ended 31 March 2008**
	HK$ million	*HK$ million*	*HK$ million*
Revenue	46.79	155.88	121.59
Gross (loss)/profit	(4.68)	7.13	13.43
(Loss)/Profit before taxation	(5.09)	0.67	8.20
(Loss)/Profit attributable to shareholders	(3.45)	(0.74)	3.12

	As at 31 July 2009	**As at 31 March 2009**	**As at 31 March 2008**
	HK$ million	*HK$ million*	*HK$ million*
Net assets	0.74	5.83	5.89

As set out in the above table, the revenue of the Disposal Group has increased by approximately 28.20% from approximately HK$121.59 million for the year ended 31 March 2008 to approximately HK$155.88 million for the year ended 31 March 2009. As advised by the Company, such increase in revenue was mainly attributable to the commencement of the projects involved in Celestial Heights in Kowloon, Hong Kong and One Central in Macau during the year ended 31 March 2009. The Disposal Group recorded profit attributable to shareholders of approximately HK$3.12 million for the year ended 31 March 2008 and loss attributable to shareholders of approximately HK$0.74 million for the year ended 31 March 2009. As advised by the Company, such loss was mainly due to the increase in project costs such as the increase in material and labor costs.

As can be seen from the above table, for the four months ended 31 July 2009, the Disposal Group recorded a gross loss of approximately HK$4.68 million and loss attributable to shareholders of the Disposal Group of approximately HK$3.45 million, representing approximately 4.66 times of the loss attributable to shareholders for the year ended 31 March 2009. As advised by the Company, the substantial increase in net loss was mainly due to the slowdown in the tendering process which resulted in the lack of new projects and the increase in project costs such as the increase in material and labor costs.

Financial information of the Group

According to Appendix I of the Circular, the turnover of the Group was approximately HK$178.06 million (comprising turnover generated from continuing operation of approximately HK$162.64 million and discontinued operation of approximately HK$15.42 million) for the for the year ended 31 March 2009, which represented a decrease of approximately 20.10% as compared to the turnover for the year ended 31 March 2008 of approximately HK$222.85 million (comprising turnover generated from continuing operation of approximately HK$121.59 million and discontinued operation of approximately HK$101.26 million). As advised by the Company, such decrease in total turnover was mainly due to the disposal of the discontinued operation of home appliances business in January 2008 which recorded a turnover of approximately HK$99.82 million for the year ended 31 March 2008. Although there was a drop in the total turnover, the turnover for continuing operation rose approximately 33.76% as compared to previous financial year. As advised by the Company, the increase in turnover for continuing operation was mainly due to the growth in the building materials business.

The loss attributable to Shareholders was approximately HK$12.71 million for the year ended 31 March 2009, which represented a decrease in loss attributable to Shareholders of approximately 88.74% as compared to the loss attributable to Shareholders for the year ended 31 March 2008 of approximately HK$112.89 million. As advised by the Company, the improvement in loss was mainly due to the disposal of the home appliances business which incurred a loss of approximately HK$73.64 million for the year ended 31 March 2008.

According to the Group's 2009 interim report (the "**IR 2009**"), the turnover of the Group was approximately HK$58.71 million (comprising turnover generated from continuing operation of approximately HK$58.59 million and discontinued operation of approximately HK$0.12 million) for the six months ended 30 September 2009, represented a decrease of approximately 12.92% as compared to the corresponding figure for the six months ended 30 September 2008 of approximately HK$67.42 (comprising turnover generated from continuing operation of approximately HK$57.29 million and discontinued operation of approximately HK$10.13 million). As advised by the Company, the decrease in turnover was mainly due to the disposal of mining business whilst the newly acquired forestry business segment is still in the process of business integration into the Group up to 30 September 2009.

The loss attributable to Shareholders was approximately HK$40.27 million for the six months ended 30 September 2009, which represented a decrease of approximately 72.62% as compared to the corresponding figure for the loss attributable to Shareholders for the six months ended 30 September 2008 of approximately HK$147.06 million. As advised by the Company, the significant decrease in losses was mainly due to the amortization charge for the mining rights, loss on disposal of subsidiaries and impairment losses on inventories in the last corresponding period.

Reasons for the Disposal

Besides engaging in the building materials business with a focus on marble, stone and tile supply and installation, the Group is also engaged in the business of sustainable management and investments in tropical hardwood and softwood natural forests in Brazil and Russia, trading, processing, marketing and distribution of timber products under its brand to the PRC, India, Europe, Japan and the United States of America. On 28 February 2009, the Group entered into a conditional acquisition agreement to purchase the Forestry Business for a total consideration of HK$1,860,045,000 (subject to adjustment). Details of the aforesaid acquisition are disclosed in the announcement and circular of the Company dated 10 March 2009 and 25 June 2009 respectively. The acquisition of the Forestry Business was subsequently completed on 31 July 2009. Following the acquisition of the Forestry Business, the Group intends to shift its focus and allocate more resources into investment in and sustainable management of forest resources and expanding its capacity for processing timber and manufacturing wood products. Recently, a non-wholly owned subsidiary of the Company has entered into memorandums of intent with a third party independent of the Group and its connected person in relation to the acquisition of the entire equity interests in a company incorporated in Brazil which is principally engaged in sustainable forest management, wood processing, distribution of timber products and has forest area of 137,500 hectares and factories for sawmill as well as fibreboard processing. Details of the aforesaid are disclosed in the announcements of the Company dated 28 September 2009 and 5 November 2009. In addition, the Group announced on 2 December 2009 that the same non-wholly owned subsidiary of the Company entered into a service agreement for provision of vegetation suppression, wood removal and clearing of forest area for the formation of a reservoir with a hydroelectric power plant Santo Antonio located in the state of Rondonia, Brazil. In view of the substantial investments in the Forestry Business, the Group intends to streamline its other business, such as the building materials business engaged by the Disposal Group and the property development business in the PRC, in order to focus the use of its manpower and resources on the development of the Forestry Business. The Group had disposed the property development companies to third parties independent of the Group and its connected person and the entire property development business ceased on 30 September 2009. The Group will have no more business activity in the building material business upon Completion and the Forestry Business will be the sole principal business of the Group after the Disposal.

The financial tsunami which swept across the world from September 2008 to the first half of 2009 has created immense pressure for the building materials and property development segments of the Group. Although global economy including the property market has started to recover from the trough in the past several months, the performance of the Disposal Group is still adversely affected by the slowdown in the tendering process for building materials supply and installation. The Directors consider that marble, stone and tile supply and installation and the related industry in which the Group operates is highly competitive in Hong Kong and Macau. As set out in Appendix I of the Circular, the profit margin for the year ended 31 March 2009 was apparently eroded as compared with the profit margin in the previous year due to inflated marble, stone and tile material cost, increase in labour costs, extensions in project duration and suspension of imported labour quotas. Taking into account the funding requirement of the Group to support the operation of the Forestry Business, the deteriorating performance of the Disposal Group, and the uncertainty in the future development of the building material business of the Disposal Group, the Company considers that the Disposal represents a good opportunity for the Group to realise its investment at a fair and reasonable price and provides capital and resources to the Group to focus on the Forestry Business.

In light of the above reasons, the Directors consider that the terms of the Disposal are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Company estimates that the net proceeds from the Disposal are approximately HK$5.78 million. The entire net proceeds will be used for general working capital of the Group and to fund any potential investments available to the Group in future.

As stated in the Board Letter, apart from the MOUs and the Service Agreement, a wholly-owned subsidiary of the Company had entered into a strategic long term contract for the sale and purchase of timber products with China Flooring Holding Company Limited ("**China Floor**"), a well-known wood flooring supplier in China trading under the brand name of "Nature" on 30 December 2009. We also noted from the Company's announcement dated 7 January 2010 that the Company expects the average monthly value of timber supplied to the China Floor to be US$1,090,000 (calculating based on the average value of US$21,800 per container of wood products) by March 2010, and US$2,900,000 and US$4,360,000 in the year ending March 2011 and March 2012 respectively. A total of 1,600 and 2,400 containers are expected to be shipped to the Buyer in the fiscal year of 2011 and 2012 respectively. The gross profit ratio generated from the sales of timbers ranges from 10% to 50% depending on the source of raw materials. The Company expects the partnership with the China Floor, who has extensive coverage in the region and worldwide, to bring the Group stable long-term recurrent income and leverage to capture more regional business opportunities. The Directors are optimistic about the future performance of the Forestry Business as the foray into the Forestry Business provides good opportunity to the Group to tap in the new market which is of greater growth potential and higher profit margin.

As extracted from Appendix I of the Circular, the operation of building material business segment generated a reportable segment profit after income tax of approximately HK$2.92 million to the Group for the year ended 31 March 2009, representing a decrease of approximately 40.16% as compared to the reportable segment profit after income tax of approximately HK$4.88 million in the last financial year. We also noted from IR 2009 that for the six months ended 30 September 2009, building materials business segment recorded a reportable segment loss after taxation of approximately HK$6.0 million.

We also noted from IR 2009 that the Group's forest operations in Brazil is located in the Amazon and is subject to weather conditions during the rainy season ranging roughly from December to April each year. Forest logging activities in the Amazon are substantially scaled down or stopped in some areas completely. Log prices usually increase during the rainy season due to diminished supplies. This affects many sawmill operators that have to stock up logs and tie up significant working capital, but benefit forest owners who can plan ahead to reserve stock pile prior to the start of the rainy season. The Group incorporates this seasonality in its forest management plan to avoid supply shortage as well as to take advantage of seasonal price differentials in logs.

In light of the above, it is likely that the Disposal will (i) streamline the business scope of the remaining Group and allow a more efficient allocation of resources to the Forestry Business which is expected to be more promising; (ii) enable the Group to carve out the loss-making business which was still affected by the slowdown in the tendering process for building material supply and installation as a result of the financial tsunami and has an uncertain future development; and (iii) avoid continual injection of working capital to sustain the operation of the Disposal Group and focus the Group's financial resources to the Forestry Business. As such, we agree with the view of the Directors that the Disposal is in the interests of the Company and the Independent Shareholders as a whole.

As advised by the Company, Mr. Ng San Wa Lawrence, the ultimate beneficial owner of the Purchaser, is the managing director of United Anex Engineering and United Anex Macau. He is the key management in United Anex Engineering and United Anex Macau who is familiar with the operation of United Anex Engineering and United Anex Macau and has been responsible for the business development, overall strategic planning and operation management of United Anex Engineering and United Anex Macau. We also noted from the Board Letter that the Completion is conditional, among others, upon the Purchaser procures to release the Performance Bond or the obligations and liabilities of the Company under the Performance Bond on or before 19 March 2010.

In view that (i) Mr. Ng San Wa Lawrence is the key management and familiar with the operation of United Anex Engineering and United Anex Macau; and (ii) the disposal of the Disposal Group to the Purchaser will benefit the Remaining Group by releasing it from the Performance Bond or the obligations and liabilities of the Company under the Performance Bond, we consider it is fair and reasonable and in the interest of the Company and the Independent Shareholders that to sell the Disposal Group to the Purchaser.

Consideration for the Disposal

The consideration for the Sale Share of HK$8.28 million shall be payable by the Purchaser to Anex Construction at Completion by way of solicitors' cheque or cashier order. As set out in the Board Letter, the consideration for the Sale Share was agreed between Anex Construction and the Purchaser after arm's length negotiations and was principally determined with reference to, among other things, (i) the unaudited combined net assets of the Disposal Group of approximately HK$5.83 million as at 31 March 2009; (ii) the unaudited combined losses attributable to its shareholders of approximately

HK$0.74 million for the year ended 31 March 2009; and (iii) the uncertainty in the future development of the building material business of the Disposal Group.

We have considered adopting the price-to-earnings approach and net assets approach in evaluation of the Disposal. Given the Disposal Group was loss-making for the year ended 31 March 2009, we consider comparable analysis with price-to-earnings approach is not applicable. We noted from Appendix I that the assets of the Disposal Group, for the year ended 31 March 2009, are mainly composed of trade and other receivables and cash and cash equivalents under current assets. In view that the major assets of the Company are considerably liquid, we consider net assets approach is an appropriate measurement for the consideration for the Disposal.

As advised by the Company and set out in Appendix I of the Circular, the net assets of the Disposal Group was amounted to approximately HK$0.74 million as at 31 July 2009. Having taken into account the Shareholder's Loan of approximately HK$5.72 million, the adjusted net asset value of the Disposal Group will be approximately HK$6.46 million (the "**Adjusted NAV**"). Accordingly, the consideration of approximately HK$8.28 million represent 1.28 times (the "**PBR**") of the Adjusted NAV.

In order to access the fairness and reasonableness of the PBR, we have identified all comparable companies (the "**Industry Comparables**") being listed companies on the Stock Exchange (on GEM or Main Board) engaging in businesses similar to those of the Disposal Group including, but not limited to, building materials business. To the best of our knowledge, we have identified 6 Industry Comparables by searching through published information on the Stock Exchange's website. The PBRs are based on their respective market capitalizations as at 15 December 2009, being the date of the Disposal Agreement, and the net asset value as set out in their latest annual/interim reports. As the Industry Comparables are engaged in similar business of the Disposal Group and their respective PBRs are determined with reference to the date of the Disposal Agreement, we consider the Industry Comparables are fair and representative samples. Independent Shareholders should note that the stated PBRs of the respective companies could be sensitive to, amongst other things, each of their particular businesses, financial position and market price performance of the shares of the respective companies and therefore, the PBRs of the Industry Comparables listed below are for information and reference purposes only.

Industry Comparables (Stock code)	Principal business	PBR (times)
Baoye Group Co. Ltd. – H Shares (2355) *(Note)*	Provision of construction service, manufacture and distribution of building materials and property development.	0.51
Deson Development International Holdings Ltd. (262)	Provision of contracting intelligent building engineering and electrical and mechanical engineering services, property development and investment; trading of medical equipments, provision of related installation and maintenance services.	0.63
Hanison Construction Holdings Ltd. (896)	Building construction, interior and renovation works, supply and installation of building materials, trading of health products, property investment and development.	0.71
Hsin Chong Construction Group Ltd. (404)	Construction/project management consultancy services, civil engineering construction, electrical and mechanical engineering installation, renovation and fitting-out, and property development and investment.	1.51
Sundart International Holdings Ltd. (2288)	Providing professional, up-market and cost-saving fitting-out contracting services for sizeable residential and hotel projects.	1.75
Yau Lee Holdings Ltd. (406)	Contracting of building construction, plumbing, maintenance and fitting out projects and building materials trading, computer software development and provision for website hosting services.	0.49
Maximum		**1.75**
Minimum		**0.49**
Mean		**0.93**
Company		**1.28**

Note: For calculation purposes, the net asset value recorded in RMB was converted into HK$ under the exchange rate of HK$1.13 to RMB1.0

As illustrated in the above table, the PBR based on the Adjusted NAV, being 1.28 times, falls within the range of the PBRs of the Industry Comparables from approximately 0.49 times to approximately 1.75 times and above the mean of the PBRs of the Industry Comparables. In light of the above, we consider the consideration for the Disposal is fair and reasonable so far as the Independent Shareholders are concerned.

Financial effect of the Disposal

(i) Net asset value

As set out in Appendix II to the Circular, the audited consolidated net asset value of the Group was approximately HK$2,192.14 million as at 31 July 2009 and assuming Completion had taken place on 31 July 2009, the unaudited pro forma net asset value of the Remaining Group would be approximately HK$2,197.18 million.

(ii) Earnings

As set out in the Board Letter, on the basis that (i) the audited consolidated net assets of the Disposal Group of approximately HK$0.74 million as at 31 July 2009; and (ii) the net proceeds from the Disposal of approximately HK$5.78 million, the Group is expected to record a gain of approximately HK$5.04 million upon Completion.

(iii) Working capital

As advised by the Company, the working capital of the Group is expected to be increased by the net proceeds of approximately HK$5.78 million from the Disposal.

In light of the incurred gain from the Disposal and the enhancement on the net asset and the working capital of the Company, we consider the Disposal is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the above-mentioned principal factors and reasons, in particular, taking into account that:

(i) the Disposal will enable the Group to streamline the business scope of the remaining Group and allow a more efficient allocation of resources to the Forestry Business which is expected to be more promising;

(ii) the Disposal will enable the Group to carve out the loss-making business which was still affected by the slowdown in the tendering process for building material supply and installation as a result of the financial tsunami and has an uncertain future development;

(iii) the Disposal will avoid continual injection of working capital to sustain the operation of the Disposal Group and focus the Group's financial resources to the Forestry Business;

(iv) the disposal of the Disposal Group to the Purchaser will benefit the Remaining Group by releasing it from the Performance Bond or the obligations and liabilities of the Company under the Performance Bond;

(v) the PBR based on the consideration for the Disposal and the Adjusted NAV falls within the range of the PBRs of the Industry Comparables and above the mean of the PBRs of the Industry Comparables; and

(vi) the incurred gain from the Disposal and the enhancement on the net asset and the working capital of the Company,

not withstanding that we consider the Disposal Agreement is not in the ordinary course of business of the Company, we are of the view that (i) the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the Disposal Agreement is in the interests of the Company and the Independent Shareholders as a whole. We would therefore recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to approve the Disposal Agreement and the transactions contemplated thereunder to be proposed at the SGM.

Yours faithfully,
For and on behalf of
Veda Capital Limited

Hans Wong	**Julisa Fong**
Managing Director	*Executive Director*

1. ACCOUNTANTS' REPORT ON THE GROUP

The following is the text of a report, prepared for the sole purpose of inclusion in this circular received from the reporting accountants of the Company, CCIF CPA Limited, Certified Public Accountants, Hong Kong.

CCIF
CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

The Directors
Bright Prosperous Holdings Limited

Dear Sirs,

We set out below our report on the financial information relating to Bright Prosperous Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") including the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for each of the three years ended 31 March 2007, 2008 and 2009 and the four months ended 31 July 2009 (the "Relevant Periods") and the consolidated and company statements of financial position as at 31 March 2007, 2008 and 2009 and 31 July 2009, together with explanatory notes thereto (the "Financial Information"), for the inclusion in the circular of the Company dated 25 January 2010 (the "Circular").

The Company was incorporated in Bermuda as an exempted company with limited liability on 30 April 1991 under the Companies Act 1981 of Bermuda (as amended). During the Relevant Periods, the principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise forestry business; real estate development; building materials supply and installation; mining and processing of magnesite ore; and home appliances.

We have acted as the auditor of the Group and have audited the consolidated financial statements of the Group for the Relevant Periods.

Basis of preparation

The Financial Information has been prepared by the directors of the Company based on the audited financial statements of the Group in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). The Financial Information also includes the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

Respective responsibilities of directors and reporting accountants

The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with IFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. It is our responsibility to form an independent opinion, based on our examination and review on the Financial Information and to report our opinion solely to you.

Procedures performed in respect of the Relevant Periods

For the purpose of this report, we have examined the audited financial statements of the Group for each of the Relevant Periods and have carried out additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectus and the Reporting Accountant" issued by the HKICPA.

Opinion in respect of the Relevant Periods

In our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of the Group and the Company as at 31 March 2007, 2008 and 2009 and 31 July 2009 and of the consolidated results and consolidated cash flows of the Group for the Relevant Periods.

Procedures performed in respect of the four months ended 31 July 2008

For the purpose of this report, we have also reviewed the consolidated financial information for the four months ended 31 July 2008 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). A review consists principally of making enquiries of the Group's management and applying analytical procedures to the financial information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the consolidated financial information for the four months ended 31 July 2008.

Conclusion in respect of the four months ended 31 July 2008

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial information for the four months ended 31 July 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34.

A. FINANCIAL INFORMATION

Consolidated Income Statement

	Note	For the year ended 31 March 2007 HK$'000 (Restated)	2008 HK$'000 (Restated)	2009 HK$'000 (Restated)	For the four months ended 31 July 2008 HK$'000 (Unaudited) (Restated)	2009 HK$'000
CONTINUING OPERATIONS						
TURNOVER	9	6,691	121,592	162,641	33,054	46,793
COST OF SALES		(5,711)	(107,705)	(153,255)	(30,001)	(51,468)
GROSS PROFIT/(LOSS)		980	13,887	9,386	3,053	(4,675)
Other revenue	9	7	226	1,770	1,354	1,126
Other net income	9	–	8,811	782	–	–
Selling and distribution costs		(20)	(2,915)	(442)	(66)	–
Administrative expenses		(18,233)	(38,367)	(21,385)	(6,451)	(4,182)
Other operating expenses	10	(2,404)	–	(230)	–	(5,922)
Gain on extinguishment of convertible note		–	–	204,831	–	–
Gain on extinguishment of promissory note		–	–	88,090	–	–
PROFIT/(LOSS) FROM OPERATIONS		(19,670)	(18,358)	282,802	(2,110)	(13,653)
Finance income		774	3,481	1,141	346	27
Finance costs		(244)	(2,050)	(63,298)	(25,563)	(5)
Net finance income/(costs)		530	1,431	(62,157)	(25,217)	22
PROFIT/(LOSS) BEFORE TAXATION	11	(19,140)	(16,927)	220,645	(27,327)	(13,631)
Income tax	14	131	(1,870)	(752)	–	–
PROFIT/(LOSS) FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS		(19,009)	(18,797)	219,893	(27,327)	(13,631)
DISCONTINUED OPERATIONS						
Loss from discontinued operations	15	(36,374)	(95,933)	(252,633)	(41,676)	(1,178)
LOSS FOR THE YEAR/PERIOD		(55,383)	(114,730)	(32,740)	(69,003)	(14,809)
ATTRIBUTABLE TO:						
Owners of the Company		(55,027)	(112,892)	(12,707)	(61,498)	(12,797)
Non-controlling interests		(356)	(1,838)	(20,033)	(7,505)	(2,012)
		(55,383)	(114,730)	(32,740)	(69,003)	(14,809)
EARNINGS/(LOSS) PER SHARE						
From continuing and discontinued operations	18a					
– Basic		(21.77) cents	(30.53) cents	(2.48) cents	(11.25) cents	(3.08) cents
– Diluted		(21.77) cents	(30.53) cents	(2.48) cents	(11.25) cents	(3.08) cents
From continuing operations						
– Basic	18b	(7.59) cents	(5.92) cents	42.74 cents	(5.15) cents	(2.88) cents
– Diluted		(7.59) cents	(5.92) cents	42.74 cents	(5.15) cents	(2.88) cents

Consolidated Statement of Comprehensive Income

	For the year ended 31 March			For the four months ended 31 July	
	2007	**2008**	**2009**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	*(Restated)*	*(Restated)*	*(Unaudited)* *(Restated)*	
Loss for the year/period	(55,383)	(114,730)	(32,740)	(69,003)	(14,809)
Other comprehensive income					
Foreign currency translation differences for foreign operations	945	3,052	486	780	1,002
Gain on revaluation of buildings	7,213	3,632	52	–	–
Other comprehensive income for the year/period	8,158	6,684	538	780	1,002
Total comprehensive income for the year/period	(47,225)	(108,046)	(32,202)	(68,223)	(13,807)
Total comprehensive income attributable to:					
Owners of the Company	(47,226)	(107,060)	(12,363)	(60,954)	(12,097)
Non-controlling interests	1	(986)	(19,839)	(7,269)	(1,710)
	(47,225)	(108,046)	(32,202)	(68,223)	(13,807)

Consolidated Statement of Financial Position

		As at 31 March			As at 31 July
		2007	2008	2009	2009
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	19	89,332	46,519	1,736	266,853
Interests in leasehold land held for own use under operating leases	20	4,984	2,244	–	–
Intangible assets	21	–	2,022,541	–	168,182
Biological assets	22	–	–	–	904,838
Goodwill	23	4,957	–	–	1,394,472
Deposit for acquisition of subsidiaries	26	–	–	15,500	–
Deposit for purchase of properties		–	–	–	2,469
		99,273	2,071,304	17,236	2,736,814
CURRENT ASSETS					
Inventories	27	94,304	58,341	11,576	3,035
Interest in leasehold land held for own use under operating leases	20	158	66	–	–
Trade and other receivables	28	48,793	82,272	50,728	118,381
Tax recoverable		–	–	299	398
Pledged bank deposits	30	12,019	30,211	50,500	25,500
Cash and cash equivalents	30	45,245	119,338	64,438	252,558
		200,519	290,228	177,541	399,872
Assets classified as held for sale	31	–	–	43,183	54,899
		200,519	290,228	220,724	454,771
CURRENT LIABILITIES					
Bank and other borrowings and bank overdrafts	32	26,877	39,552	16,306	36,712
Trade and other payables	33	90,036	46,681	26,404	115,258
Consideration payable	34	–	–	–	35,000
Finance lease payables	35	1,657	58	–	7,640
Provision for taxation		4,015	2,845	1,077	1,077
		122,585	89,136	43,787	195,687
Liabilities associated with assets classified as held for sale	31	–	–	13,831	14,174
		122,585	89,136	57,618	209,861
NET CURRENT ASSETS		77,934	201,092	163,106	244,910
TOTAL ASSETS LESS CURRENT LIABILITIES		177,207	2,272,396	180,342	2,981,724

		As at 31 March			As at 31 July
		2007	2008	2009	2009
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT LIABILITIES					
Bank and other borrowings and bank overdrafts	*32*	–	–	–	1,229
Consideration payable	*34*	–	–	–	93,933
Finance lease payables	*35*	833	–	–	1,773
Amounts due to shareholders	*37*	–	–	–	57,185
Amounts due to related companies	*37*	–	–	–	60,167
Deferred tax liabilities	*36*	18,235	19,579	–	374,972
Other payables		–	–	–	8,412
Convertible note	*38*	–	855,213	–	–
Promissory note	*39*	–	320,000	–	191,911
		19,068	1,194,792	–	789,582
NET ASSETS		158,139	1,077,604	180,342	2,192,142
CAPITAL AND RESERVES					
Share capital	*40*	154,492	289,885	21,511	313,679
Reserves	*43(a)*	(10,253)	368,302	144,717	1,866,004
Total equity attributable to the owners of the Company		144,239	658,187	166,228	2,179,683
Non-controlling interests		13,900	419,417	14,114	12,459
TOTAL EQUITY		158,139	1,077,604	180,342	2,192,142

Company Statement of Financial Position

		As at 31 March			As at 31 July
		2007	2008	2009	2009
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	19	629	1,083	1,545	1,430
Interest in subsidiaries	24	110,280	1,690,783	34,544	2,084,006
Interest in an associate	25	–	–	–	–
		110,909	1,691,866	36,089	2,085,436
CURRENT ASSETS					
Other receivables	28	544	2,199	1,029	888
Pledged bank deposits	30	3,600	27,550	50,500	25,500
Cash and cash equivalents	30	10,369	113,942	52,058	242,841
		14,513	143,691	103,587	269,229
CURRENT LIABILITIES					
Other payables	33	255	5,169	1,230	424
Finance lease payables	35	70	58	–	–
		325	5,227	1,230	424
NET CURRENT ASSETS		14,188	138,464	102,357	268,805
TOTAL ASSETS LESS CURRENT LIABILITIES		125,097	1,830,330	138,446	2,354,241
NON-CURRENT LIABILITIES					
Finance lease payables	35	64	–	–	–
Convertible note	38	–	855,213	–	–
Promissory note	39	–	320,000	–	191,911
		64	1,175,213	–	191,911
NET ASSETS		125,033	655,117	138,446	2,162,330
CAPITAL AND RESERVES					
Share capital	40	154,492	289,885	21,511	313,679
Reserves	43(b)	(29,459)	365,232	116,935	1,848,651
TOTAL EQUITY		125,033	655,117	138,446	2,162,330

Consolidated Statements of Changes in Equity

	Attributable to the owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Distributable reserve HK$'000	Property revaluation reserve HK$'000	Fair value reserve HK$'000	Equity component reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2006	76,864	–	2,789	4,995	16,090	–	–	(50)	7,145	107,833	78	107,911
Loss for the year	–	–	–	–	–	–	–	–	(55,027)	(55,027)	(356)	(55,383)
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	615	–	615	330	945
Disposal of subsidiaries	–	–	–	–	(709)	–	–	–	709	–	–	–
Surplus on revaluation of building	–	–	–	–	9,105	–	–	–	–	9,105	–	9,105
Property revaluation reserve	–	–	–	–	(27)	–	–	–	–	(27)	27	–
Deferred tax charged in the revaluation reserve	–	–	–	–	(1,892)	–	–	–	–	(1,892)	–	(1,892)
Total other comprehensive income	–	–	–	–	6,477	–	–	615	709	7,801	357	8,158
Total comprehensive income	–	–	–	–	6,477	–	–	615	(54,318)	(47,226)	1	(47,225)
Rights issue expenses	–	–	–	(2,779)	–	–	–	–	–	(2,779)	–	(2,779)
Share issued under rights issue	76,864	–	–	–	–	–	–	–	–	76,864	–	76,864
Shares issued upon exercise of bonus warrants	764	–	–	–	–	–	–	–	–	764	–	764
Fair value adjustment	–	–	–	–	–	8,783	–	–	–	8,783	–	8,783
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	13,831	13,831
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	(10)	(10)
Total transactions with owners	77,628	–	–	(2,779)	–	8,783	–	–	–	83,632	13,821	97,453
At 31 March 2007 and 1 April 2007	154,492	–	2,789	2,216	22,567	8,783	–	565	(47,173)	144,239	13,900	158,139
At 1 April 2007	154,492	–	2,789	2,216	22,567	8,783	–	565	(47,173)	144,239	13,900	158,139
Loss for the year	–	–	–	–	–	–	–	–	(112,892)	(112,892)	(1,838)	(114,730)
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	2,200	–	2,200	852	3,052
Disposal of subsidiaries	–	–	–	–	(2,437)	–	–	–	2,437	–	–	–
Surplus on revaluation of building	–	–	–	–	4,976	–	–	–	–	4,976	–	4,976
Deferred tax charged in the revaluation reserve	–	–	–	–	(1,344)	–	–	–	–	(1,344)	–	(1,344)
Total other comprehensive income	–	–	–	–	1,195	–	–	2,200	2,437	5,832	852	6,684
Total comprehensive income	–	–	–	–	1,195	–	–	2,200	(110,455)	(107,060)	(986)	(108,046)
Shares issued under placement and subscription	30,700	122,800	–	–	–	–	–	–	–	153,500	–	153,500
Shares issue expenses	–	(5,972)	–	–	–	–	–	–	–	(5,972)	–	(5,972)
Issuance of convertible notes	–	–	–	–	–	–	236,787	–	–	236,787	–	236,787
Consideration shares issued for the acquisition of subsidiaries	80,000	132,000	–	–	–	–	–	–	–	212,000	–	212,000
Shares issued upon exercise of bonus warrants	24,693	–	–	–	–	–	–	–	–	24,693	–	24,693
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	406,503	406,503
Total transactions with owners	135,393	248,828	–	–	–	–	236,787	–	–	621,008	406,503	1,027,511
At 31 March 2008 and 1 April 2008	289,885	248,828	2,789	2,216	23,762	8,783	236,787	2,765	(157,628)	658,187	419,417	1,077,604

	Attributable to the owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Distributable reserve HK$'000	Capital redemption reserve HK$'000	Property revaluation reserve HK$'000	Fair value reserve HK$'000	Equity component reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2008	289,885	248,828	2,789	2,216	–	23,762	8,783	236,787	2,765	(157,628)	658,187	419,417	1,077,604
Loss for the year	–	–	–	–	–	–	–	–	–	(12,707)	(12,707)	(20,033)	(32,740)
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	–	307	–	307	179	486
Surplus on revaluation of building	–	–	–	–	–	37	–	–	–	–	37	15	52
Disposal of subsidiaries	–	–	–	–	–	(23,699)	–	–	–	23,699	–	–	–
Total other comprehensive income	–	–	–	–	–	23,662	–	–	307	23,699	344	194	538
Total comprehensive income	–	–	–	–	–	(23,662)	–	–	307	10,992	(12,363)	(19,839)	(32,202)
Shares issued upon exercise of bonus warrants	5,222	–	–	–	–	–	–	–	–	–	5,222	–	5,222
Capital reduction	(265,596)	–	82,264	–	–	–	–	–	–	183,332	–	–	–
Repurchase of shares	(8,000)	–	–	–	–	–	–	–	–	–	(8,000)	–	(8,000)
Cancellation of convertible note	–	–	–	–	–	–	–	(441,618)	–	–	(441,618)	–	(441,618)
Capital redemption reserve arising from repurchase of shares	–	–	–	–	8,000	–	–	–	–	(8,000)	–	–	–
Premium on repurchase of shares	–	(35,200)	–	–	–	–	–	–	–	–	(35,200)	–	(35,200)
Transfer	–	–	–	–	–	–	–	204,831	–	(204,831)	–	–	–
Capital contribution by a non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	–	2	2
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(385,466)	(385,466)
Total transactions with owners	(268,374)	(35,200)	82,264	–	8,000	–	–	(236,787)	–	(29,499)	(479,596)	(385,464)	(865,060)
At 31 March 2009 and 1 April 2009	21,511	213,628	85,053	2,216	8,000	100	8,783	–	3,072	(176,135)	166,228	14,114	180,342
At 1 April 2009	21,511	213,628	85,053	2,216	8,000	100	8,783	–	3,072	(176,135)	166,228	14,114	180,342
Loss for the period	–	–	–	–	–	–	–	–	–	(12,797)	(12,797)	(2,012)	(14,809)
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	–	700	–	700	302	1,002
Total other comprehensive income	–	–	–	–	–	–	–	–	700	–	700	302	1,002
Total comprehensive income	–	–	–	–	–	–	–	–	700	(12,797)	(12,097)	(1,710)	(13,807)
Placing of new shares	35,233	158,548	–	–	–	–	–	–	–	–	193,781	–	193,781
Shares issue expenses	–	(5,963)	–	–	–	–	–	–	–	–	(5,963)	–	(5,963)
Consideration shares issued for acquisition of subsidiaries	256,935	1,580,799	–	–	–	–	–	–	–	–	1,837,734	–	1,837,734
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	55	55
Total transactions with owners	292,168	1,733,384	–	–	–	–	–	–	–	–	2,025,552	55	2,025,607
At 31 July 2009	313,679	1,947,012	85,053	2,216	8,000	100	8,783	–	3,772	(188,932)	2,179,683	12,459	2,192,142

	Attributable to the owners of the Company												
	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Distributable reserve *HK$'000*	Capital redemption reserve *HK$'000*	Property revaluation reserve *HK$'000*	Fair value reserve *HK$'000*	Equity component reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Retained profits/ (accumulated losses) *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 April 2008	289,885	248,828	2,789	2,216	–	23,762	8,783	236,787	2,765	(157,628)	658,187	419,417	1,077,604
Loss for the period	–	–	–	–	–	–	–	–	–	(61,498)	(61,498)	(7,505)	(69,003)
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	–	–	–	544	–	544	236	780
Total other comprehensive income	–	–	–	–	–	–	–	–	544	–	544	236	780
Total comprehensive income	–	–	–	–	–	–	–	–	544	(61,498)	(60,954)	(7,269)	(68,223)
Shares issued upon exercise of bonus warrants	5,222	–	–	–	–	–	–	–	–	–	5,222	–	5,222
Capital contribution by a non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	–	2	2
Total transactions with owners	5,222	–	–	–	–	–	–	–	–	–	5,222	2	5,224
At 31 July 2008	295,107	248,828	2,789	2,216	–	23,762	8,783	236,787	3,309	(219,126)	602,455	412,150	1,014,605

Consolidated Statement of Cash Flows

	Note	For the year ended 31 March 2007 HK$'000 (Restated)	2008 HK$'000 (Restated)	2009 HK$'000 (Restated)	For the four months ended 31 July 2008 HK$'000 (Unaudited) (Restated)	2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before taxation						
– Continuing operations		(19,140)	(16,927)	220,645	(27,327)	(13,631)
– Discontinued operations	15	(36,374)	(95,908)	(258,970)	(40,903)	(1,208)
Adjustments for:						
Amortisation of land lease premium		149	158	5	2	2
Excess of the Group's share of net fair value of interest in subsidiaries acquired over the cost of acquisition	45(b)	–	(2,011)	–	–	–
Amortisation of intangible assets	21	–	10,589	95,303	42,357	–
Gain on extinguishment of convertible note		–	–	(204,831)	–	–
Gain on extinguishment of promissory note		–	–	(88,090)	–	–
Finance costs		2,671	3,340	63,298	25,563	5
Share of loss of an associate		5,544	–	–	–	–
Finance income		(1,326)	(3,800)	(1,158)	(352)	(30)
Gain on disposal of a subsidiary		–	–	(782)	–	–
Loss on disposal of discontinued operations	46	67	24,450	151,285	–	–
(Gain)/loss on disposal of property, plant and equipment		(861)	(4,401)	230	–	–
Depreciation		10,122	7,486	565	201	162
Write-down of inventories	27(c)	4,344	3,733	10,356	–	121
Impairment losses on trade and other receivables		1,362	5,365	899	614	–
Impairment loss on mould deposit		–	5,513	–	–	–
Impairment loss of goodwill	23	2,327	4,957	–	–	–
Impairment losses on property, plant and equipment		–	10,466	–	–	–
Exchange difference, net		–	2,485	(130)	86	(90)
Operating profit/(loss) before changes in working capital		(31,115)	(44,505)	(11,375)	241	(14,669)
(Increase)/decrease in inventories		(12,335)	13,934	2,320	(334)	(121)
(Increase)/decrease in trade and other receivables		(1,824)	(70,423)	19,589	8,986	2,958
Increase/(decrease) in trade and other payables		7,953	(18,236)	(5,790)	(5,845)	1,717
Increase/(decrease) in bank loans (trading nature)		(559)	7,115	(13,506)	(3,381)	–
Cash used in operations		(37,880)	(112,115)	(8,762)	(333)	(10,115)
Income tax paid						
– Hong Kong profits tax paid		–	–	(1,564)	–	–
– PRC tax paid		–	–	(779)	–	–
– Overseas tax paid		–	(3,065)	(289)	(773)	(100)
		–	(3,065)	(2,632)	(773)	(100)
NET CASH USED IN OPERATING ACTIVITIES		(37,880)	(115,180)	(11,394)	(1,106)	(10,215)

	Note	For the year ended 31 March 2007 HK$'000 (Restated)	2008 HK$'000 (Restated)	2009 HK$'000 (Restated)	For the four months ended 31 July 2008 HK$'000 (Unaudited) (Restated)	2009 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Deposit for acquisition of subsidiaries		–	–	(15,500)	–	–
Payment to acquire property, plant and equipment and land lease premium		(4,543)	(2,348)	(1,275)	(1,213)	(13)
Proceeds from disposal of property, plant and equipment		2,693	22,104	–	–	–
Net cash inflow/(outflow) from acquisition of subsidiaries	45	7,191	3,147	–	–	(14,033)
Net cash (outflow)/inflow from disposal of subsidiaries	46	(38)	4,308	211	–	–
Decrease in mould deposits		(5,167)	–	–	–	–
(Increase)/decrease in pledged bank deposits		(4,699)	(18,192)	(22,857)	(6,012)	25,009
Interest received		1,326	3,800	1,158	352	30
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		(3,237)	12,819	(38,263)	(6,873)	10,993
CASH FLOWS FROM FINANCING ACTIVITIES						
Placement and subscription of shares (net of expenses)		–	147,528	–	5,222	187,817
Rights issue		74,085	–	–	–	–
Bonus warrants		764	24,693	5,222	–	–
Repayment of bank and other loans		(325)	–	–	–	(4,316)
Interest paid		(2,413)	(3,247)	(377)	(171)	(5)
Interest element of finance lease payments		(258)	(93)	(7)	(5)	–
Capital element of finance lease payments		(2,036)	(2,431)	(29)	(23)	–
NET CASH GENERATED FROM FINANCING ACTIVITIES		69,817	166,450	4,809	5,023	183,496
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		28,700	64,089	(44,848)	(2,956)	184,274
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		11,690	41,160	105,557	105,557	60,732
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET		770	308	23	(27)	1,002
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	30	41,160	105,557	60,732	102,574	246,008
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents		45,245	119,338	64,438	110,036	252,558
Cash and bank balances classified as held for sale		–	–	335	–	360
Bank overdrafts		(4,085)	(13,781)	(4,041)	(7,462)	(6,910)
		41,160	105,557	60,732	102,574	246,008

B. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Bright Prosperous Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise forestry business, real estate development, building materials supply and installation, mining and processing of magnesite ore and home appliances.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements for each of the years ended 31 March 2007, 2008 and 2009 and the four months ended 31 July 2009 (the "Relevant Periods") comprise the Company and its subsidiaries (together referred to as the "Group").

The Group's consolidated financial statements up to 31 March 2009 had been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). Pursuant to the acquisition of Amplewell Holdings Limited ("Amplewell") and its subsidiaries (collectively "Amplewell Group"), the Group decided to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") for the year ending 31 March 2010. The Group prepared its consolidated financial statements in accordance with IFRSs with effect for the four months ended 31 July 2009 and converted the comparative financial information for the years ended 31 March 2007, 2008 and 2009 to be in accordance with IFRSs.

The consolidated financial statements of the Group have been prepared in accordance with IFRSs. IFRS 1, First-time Adoption of International Financial Reporting Standards, has been applied in preparing these consolidated financial statements. These consolidated financial statements are the Group's first financial statements to be prepared in accordance with IFRSs.

IFRS 1 sets out the procedures that the Group must follow when it adopts IFRSs for the first time as the basis for preparing its consolidated financial statements. The Group is required to establish its IFRSs accounting policies for the four months ended 31 July 2009 and in general, apply these retrospectively to determine the IFRSs opening balance at its date of transition, i.e. 1 April 2006.

When preparing these consolidated financial statements, management has adopted certain accounting, valuation and consolidation methods to comply with IFRSs. Accordingly, the consolidated financial statements prepared under HKFRSs for the years ended 31 March 2007, 2008 and 2009 have been adjusted to reflect those differences between HKFRSs and IFRSs. The conversion from HKFRSs to IFRSs did not result in material impact on the Group equity, loss and cash flows for the corresponding period.

The Group disposed of certain operations which constituted discontinued operations under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Therefore, the results derived from such operations are presented as discontinued operations in the current accounting period. The comparative figures for the corresponding years have been reclassified to conform with the current period's presentation.

The consolidated financial statements are denominated in Hong Kong Dollar ("HK$"). Unless otherwise specifically stated, all amounts are presented in thousand.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the financial statements

The consolidated financial statements have been prepared under the historical cost convention, except for biological assets and buildings held for own use that are measured at fair values, as appropriate.

The accounting policies and basis of preparation adopted in preparation of these consolidated financial statements are consistent with those used in the Group's audited financial statements for the years ended 31 March 2007, 2008 and 2009 with the addition of the following new or revised standards and interpretations which are relevant to the Group's operations for the financial year ending 31 March 2010.

(i) Presentation of financial statements

The Group applies revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(ii) Determination and presentation of operating segments

As of 1 April 2009 the Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 Operating Segments. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(iii) Accounting for business combinations

The Group has adopted early IFRS 3 Business Combinations (2008) and lAS 27 Consolidated and Separate Financial Statements (2008) for all business combinations occurring in the financial year starting 1 April 2009. All business combinations occurring on or after 1 April 2009 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively and had no material impact on earnings per share.

The Group has applied the acquisition method for the business combination disclosed in note 45.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

(iv) Accounting for acquisitions of non-controlling interest

The Group has adopted early IFRS 3 Business Combinations (2008) and lAS 27 Consolidated and Separate Financial Statements (2008) for acquisitions of non-controlling interests occurring in the financial year starting 1 April 2009.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Previously, goodwill was recognised arising on the acquisition of a non-controlling interest in a subsidiary; and that represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange.

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

The adoption of the above new and revised standards, amendments and interpretations did not have any significant impact on the accounting policies, financial position or performance of the Group.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next years are discussed in note 6.

(b) Subsidiaries and non-controlling interests

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

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intragroup transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

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

Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 3(n) depending on the nature of the liability.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 3(i)), unless the investment is classified as held for sale.

(c) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is classified as held for sale. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates for the years, including any impairment loss on goodwill relating to the investments in associates recognised for the year.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the income statement.

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses, unless it is classified as held for sale.

(d) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associate.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in the income statement.

On disposal of a cash generating unit or an associate during the Relevant Periods, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Property, plant and equipment

The following properties held for own use are stated in the statement of financial position at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation:

– buildings held for own use

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

The following items of property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses:

– freehold land

– furniture and fixtures, machinery, engineering and other equipment, motor vehicles, construction in progress and moulds

Changes arising on the revaluation of buildings held for own use are generally dealt with in reserves. The only exceptions are as follows:

– when a deficit arises on revaluation, it will be charged to income statement to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and

– when a surplus arises on revaluation, it will be credited to income statement to the extent that a deficit on revaluation in respect of that same asset had previously been charged to income statement.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in income statement on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits.

Freehold land is not depreciated. Depreciation is calculated to write off the cost or valuation of other items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Buildings	Over the unexpired term of leases
Furniture and fixtures	5–10 years
Machinery, engineering and other equipment	5–10 years
Motor vehicles	10 years
Moulds	10 years

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

(f) Intangible assets (other than goodwill)

Intangible assets acquired by the Group are stated in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets of mining rights with finite useful lives is charged to income statement on a straight-line basis over it estimated useful lives of 16 years. Both the period and method of amortisation are reviewed annually.

Amortisation of timber concession rights with useful lives is charged to income statement on a straight-line basis over it estimated useful lives of 5 to 25 years. Both the period and method of amortisation are reviewed annually.

(g) Biological assets

Biological assets are measured at fair value less costs to sell, with any change therein recognized in profit or loss. Costs to sell include all costs that would be necessary to sell the assets. Standing timber is transferred to inventory at its fair value less estimated costs to sell at the date of harvest.

(h) Leased assets

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

(i) Classification of assets leased to the Group

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

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

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Company or the Group will obtain ownership of the asset, the life of the asset, as set out in note 3(e). Impairment losses are accounted for in accordance with the accounting policy as set out in note 3(i). Finance charges implicit in the lease payments are charged to income statement over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to income statement in the accounting period in which they are incurred. The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

(i) Impairment of assets

(i) Impairment of receivables

Current and non-current receivables that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty or the debtors;

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

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

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

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

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

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

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

(ii) Impairment of other assets

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

– property, plant and equipment (other than buildings carried at revalued amounts);

– prepaid interests in leasehold land classified as being held under an operating lease;

– intangible assets;

– investments in subsidiaries and associates; and

– goodwill

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

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

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

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to income statement in the period in which the reversals are recognised.

(j) Inventories

(i) Home appliances manufacturing/ Forestry business

Inventories are carried at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, is determined on the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Real estate development

Inventories in respect of real estate development activities are carried at the lower of cost and net realisable value. Cost and net realizable values are determined as follows:

– Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses and an appropriate proportion of overheads. Net realizable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– Completed properties held for resale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realizable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(k) Construction contracts

The accounting policy for contract revenue is set out in note 3(u). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the reporting date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the reporting date are recorded in the statement of financial position at the net amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the statement of financial position as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included in the statement of financial position under "Trade and other receivables". Amounts received before the related work is performed are included in the statement of financial position, as a liability, as "Advances received".

(l) Trade and other receivables

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

(m) Convertible notes

Convertible notes that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity components. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in income statement on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the note is converted or redeemed.

If the note is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the capital reserve is released directly to retained profits.

(n) Interest-bearing borrowings

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

(o) Share capital

Ordinary shares

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss was accrued.

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

(p) Trade and other payables

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

(q) Cash and cash equivalents

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

(r) Employee benefits

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

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

(ii) The employees of the Group's subsidiaries which operate in mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme. The contributions are charged to income statement as they become payable in accordance with rules of the central pension scheme.

(iii) Share-based payments

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

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

(iv) Termination benefits

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

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity. Current tax is the expected tax payable on the taxable income for the years, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future. The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted. The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised. Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

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

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

– the same taxable entity; or

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

(t) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset, Where no such consideration is received or receivable, an immediate expense is recognised in income statement on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 3(t)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 3(t)(iii). Contingent liabilities acquired in a business combination that cannot be reliably fair valued are disclosed in accordance with note 3(t)(iii).

(iii) Other provisions and contingent liabilities

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

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

(u) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in income statement as follows:

(i) Sale of goods

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) *Contract revenue*

When the outcome of a construction contract can be estimated reliably:

- revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract; and

- revenue from a cost plus contract is recognised by reference to the recoverable costs incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(iii) *Interest income*

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest method.

(v) Translation of foreign currencies

Foreign currency transactions during the years are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Exchange gains and losses are recognised in income statement.

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

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the reporting date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(w) Borrowing costs

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

(x) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(y) Related parties

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

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

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

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

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

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

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

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

(z) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available (see note 3(a)(ii)).

(aa) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all diluted potential ordinary shares, convertible preference shares which comprise convertible notes, share consolidation and share options granted to employees.

4. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE FOUR MONTHS ENDED 31 JULY 2009

The Group has not yet early adopted the following new and revised standards, amendments or interpretations that have been issued but are not yet effective for the four months ended 31 July 2009. The Group is in the process of making an assessment of the impact of these new IFRSs in their period of initial application.

IFRIC 2	Shares-based Payment[2]
IFRIC 3 – Appendix C	Impairment testing cash-generating units with goodwill and non-controlling interests[1]
IFRS 5	Non-current assets held for sale and discontinued operations[2]
IFRIC 8 (Amendments)	Operating Segments[2]
IFRS 9	Financial Instruments[5]
IAS 1 (Amendments)	Presentation of Financial Statements[2]
IAS 7 (Amendments)	Statement of Cash Flows[2]
IAS 17 (Amendments)	Leases[2]
IAS 24	Related Party Disclosures[4]
IAS 32 (Amendments)	Financial Instruments: Presentation[3]
IAS 36 (Amendments)	Impairment of Assets[2]
IAS 38 (Amendments)	Intangible Assets[1]
IAS 39 (Amendments)	Financial Instruments: Recognition and Measurement [2]
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction[4]
IFRIC 17	Distribution of Non-cash Assets to Owners[1]
IFRIC 18	Transfers of Assets from Customers[6]
IFRIC 19	Extinguishing Financial Liabilities with Equity Instrustments[1]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 January 2013
6 Effective for transfers received on or after 1 July 2009

Apart from the above, a number of improvements and minor amendments to IFRSs have also been issued but are not yet effective and have not been adopted in these consolidated financial statements.

5. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

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

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, trade and other receivables.

For trade and other receivables, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30-180 days from the date of billing.

Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group's concentration of credit risk by geographical locations is all in Asia Pacific. The Group has concentration of credit risk by customers as for 66%, 33%, 100% and 99% of the total receivables were due from the Group's five largest customers and 27%, 67%, 49% and 88% of the total receivables were due from the largest customer as at 31 March 2007, 2008, 2009 and 31 July 2009 respectively.

In addition, the Group is exposed to concentration of credit risk on an amount due from a non-controlling shareholder. The non-controlling shareholder agrees to undertake the repayment of the total amounts of these liabilities through partial disposal of his shares in Winner Global and preference shares in the Company (the "Shares"). In addition, the management of the Group is in the process of negotiating the disposal of the Shares with the non-controlling shareholder and the outstanding amount is expected to be realised within twelve months from the end of the reporting period. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. Except for the financial guarantees given by the Group as set out in note 48, the Group does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the reporting date is disclosed in note 48.

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

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 28.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval by the holding company's board. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from bankers to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the reporting date of the Group's and the Company's non-derivative financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group and the Company can be required to pay:

The Group

As at 31 March 2007

	Weighted average effective interest rate	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	–	90,036	90,036	90,036	–	–
Finance lease payables	3.9% – 7.5%	2,490	2,595	2,524	71	–
Bank loans and overdrafts	7.25%	26,877	27,369	27,369	–	–
		119,403	120,000	119,929	71	–

As at 31 March 2008

	Weighted average effective interest rate	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	–	46,681	46,681	46,681	–	–
Finance lease payables	7.5%	58	71	71	–	–
Bank loans	4.75% – 5.25%	39,552	40,038	40,038	–	–
Convertible note	6.75%	855,213	1,173,900	16,380	16,380	1,141,140
Promissory note	3%	320,000	358,400	9,600	9,600	339,200
		1,261,504	1,619,090	112,770	25,980	1,480,340

As at 31 March 2009

	Weighted average effective interest rate	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	–	26,404	26,404	26,404	–	–
Bank loans and overdrafts	5 – 5.5%	16,306	16,505	16,505	–	–
		42,710	42,909	42,909	–	–

	As at 31 July 2009					
	Weighted average effective interest rate	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	–	123,670	123,670	123,670	–	–
Finance lease payables	14%	9,413	10,731	10,731	–	–
Consideration payables	–	128,933	128,933	5,000	123,933	–
Bank and other borrowings and bank overdrafts	5 – 12.53%	37,941	41,066	39,775	1,291	–
Amounts due to shareholders	5%	57,185	59,411	–	59,411	–
Amounts due to related companies	5%	60,167	63,175	–	63,175	–
Promissory note	15.74%	191,911	197,668	3,838	193,830	–
		609,220	624,654	183,014	441,640	–

The Company

	As at 31 March 2007					
	Weighted average effective interest rate	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	–	255	255	255	–	–
Finance lease payables	3.9% – 7.5%	134	164	93	71	–
		389	419	348	71	–

	As at 31 March 2008					
	Weighted average effective interest rate	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	–	5,169	5,169	5,169	–	–
Finance leases payables	7.5%	58	71	71	–	–
Convertible note	6.75%	855,213	1,173,900	16,380	16,380	1,141,140
Promissory note	3%	320,000	358,400	9,600	9,600	339,200
		1,180,440	1,537,540	31,220	25,980	1,480,340

	As at 31 March 2009					
	Weighted average effective interest rate	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	–	1,230	1,230	1,230	–	–

	As at 31 July 2009					
	Weighted average effective interest rate	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	–	424	424	424	–	–
Promissory note	15.74%	191,911	197,668	3,838	193,830	–
		192,335	198,092	4,262	193,830	–

(c) Foreign currency risk

The Group is exposure to foreign currency risk related primarily to cash and cash equivalents, trade and other receivables and trade and other payables that are denominated in currencies other than the functional currency of the relevant group entities. The directors considered that the sensitivity of the Group's exposure towards the change in foreign exchange rates is minimal as the assets and liabilities of the Group, denominated in currency other than functional currency of a particular group entity were insignificant as at the reporting dates.

(d) Interest rate risk

(i) The Group is exposed to cash flow interest rate risk in relation to variable rate bank borrowings (see note 32 for details of these borrowings). The Group currently does not have any interest rate hedging policy in relation to the cash flow interest rate risk. The directors monitor the interest rate fluctuation and will consider hedging the interest rate should the need arises. The interest rate profile of the Group's borrowings at the reporting dates is as follows:

	The Group			
	As at 31 March			**As at 31 July**
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Variable rate borrowings				
Bank loans and overdrafts	21,690	39,552	16,306	13,630
Effective interest rates	7.25%	4.75% to 5.25%	5% to 5.5%	5% to 5.5%

(ii) Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates in its variable-rate borrowings. The analysis is prepared assuming variable-rate outstanding at the reporting date were outstanding for the whole year. A 50 basis point increase or decrease which represents the management's assessment of the reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for Relevant Periods.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the years ended 31 March 2007, 2008 and 2009 and the four months ended 31 July 2009 would decrease/increase by approximately HK$108,000, HK$198,000, HK$82,000 and HK$68,000 respectively.

(e) Fair value

The fair values of the Group's financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions. The directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements are not materially different from their fair values for Relevant Periods.

6. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

In the process of applying the Group's accounting policies which are described in note 3, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the reporting dates, that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, as described below.

(a) Property, plant and equipment and depreciation

The Group management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment of trade and other receivables

The Group tests annually whether assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined on the value-in-use calculation. These calculations require use of estimate.

(c) Construction contracts

The Group's revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contact, the gross billing to date as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work as disclosed in note 29 will not include profit which the Group may eventually realize from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the reporting date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(d) Write-down of inventories

Inventories are written down to net realisable value based on an assessment of the realisability of inventories. Write-down of inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-down of inventories in the periods in which such estimate has been changed.

(e) Impairment of goodwill

The Group performs annual tests on whether there has been impairment of goodwill in accordance with the accounting policy stated in note 3(i). The recoverable amounts of cash generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations.

(f) Amortisation of intangible assets

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Group reassesses the useful life of the intangible assets and if the expectation differs from the original estimate, such a difference may impact the amortisation in the years and the estimate will be changed in the future period.

(g) Fair value of buildings held for own use

Buildings held for own use are carried in the statement of financial position at their fair value. The fair value was based on a valuation on the buildings carried out by an independent professional valuer using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to those assumptions would result in changes in the fair value of the Group's building held for own use and corresponding adjustments to the amount of gain or loss reported in the property revaluation reserve.

7. SEGMENT REPORTING

The Group manages its businesses by business lines. On first-time adoption of IFRS 8 "Operating Segments" and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments:

Forestry business: sustainable management of and investment in natural forests, timber and wood processing, timber trading and timber sales and marketing.

Building materials: the construction work of building and construction project of building material.

Real estate: the development and sale of commercial premises and residential properties.

Mining: mining and processing of magnesite ore.

Home appliances: trading and manufacturing of home appliances.

In accordance with IFRS 8, segment information disclosed in this report has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources among segments. In this regard, the Group's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

Segment assets include non-current assets and current assets with the exception of certain assets unallocated to each reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The reportable segment profit is measured from "reportable segment profit/(loss) after income tax" which excluded those items not specifically attributed to an individual reportable segment, such as corporate administrative expenses. To arrive at reportable segment profit, the management additionally provided the segment information concerning interest income, finance costs and major non-cash items such as depreciation, amortisation and impairment losses derived from reportable segments.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the Relevant Periods is set out below:

Information about reportable segments

	Year ended 31 March 2007					
	Continuing operations	Discontinued operations				
	Building materials	Home appliances	Mining	Real estate	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	6,691	203,010	–	–	203,010	209,701
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	6,691	203,010	–	–	203,010	209,701
Finance income	13	452	–	100	552	565
Finance costs	(8)	(2,427)	–	–	(2,427)	(2,435)
Depreciation and amortisation	(12)	(10,122)	–	(8)	(10,130)	(10,142)
Impairment of trade and other receivables	(20)	(1,342)	–	–	(1,342)	(1,362)
Income tax credit	131	–	–	–	–	131
Reportable segment loss after income tax	(2,731)	(29,814)	–	(6,560)	(36,374)	(39,105)
Other material non-cash items						
Impairment losses of						
– trade and other receivables	20	–	–	–	–	20
– goodwill	2,327	–	–	–	–	2,327
– mould deposits	–	1,342	–	–	1,342	1,342
– write down of inventories	–	4,344	–	–	4,344	4,344
Capital expenditure incurred during the year	207	6,382	–	503	6,885	7,092
	At 31 March 2007					
Reportable segment assets	12,089	170,150	–	87,871	258,021	270,110
Reportable segment liabilities	9,140	96,072	–	35,760	131,832	140,972

	Year ended 31 March 2008					
	Continuing operations	Discontinued operations				
	Building materials	Home appliances	Mining	Real estate	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	121,592	99,817	1,445	–	101,262	222,854
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	121,592	99,817	1,445	–	101,262	222,854
Finance income	5	201	–	118	319	324
Finance costs	(182)	(1,290)	–	–	(1,290)	(1,472)
Depreciation and amortisation	(35)	(2,435)	(10,597)	(65)	(13,097)	(13,132)
Income tax expenses	(1,870)	(14)	(11)	–	(25)	(1,895)
Reportable segment profit/(loss) after income tax	4,876	(73,639)	(8,514)	(13,780)	(95,933)	(91,057)
Other material non-cash items						
Loss on disposal of subsidiaries	–	(24,450)	–	–	(24,450)	(24,450)
Impairment of						
– trade and other receivables	2,766	2,499	–	100	2,599	5,365
– goodwill	–	–	–	4,957	4,957	4,957
– property, plant and equipment	–	10,466	–	–	10,466	10,466
– moulds deposits	–	5,513	–	–	5,513	5,513
– loss on disposal of subsidiaries	–	24,450	–	–	24,450	24,450
– write down of inventories – real estate	–	–	–	3,733	3,733	3,733
Capital expenditure incurred during the year	96	1,488	4	199	1,691	1,787
	At 31 March 2008					
Reportable segment assets	76,809	–	2,027,549	66,170	2,093,719	2,170,528
Reportable segment liabilities	67,823	–	5,079	21,682	26,761	94,584

	Year ended 31 March 2009					
	Continuing operations	Discontinued operations				
	Building materials	**Home appliances**	**Mining**	**Real estate**	**Sub-total**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	162,641	–	10,366	5,054	15,420	178,061
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	162,641	–	10,366	5,054	15,420	178,061
Finance income	–	–	–	17	17	17
Finance costs	(377)	–	–	–	–	(377)
Depreciation and amortisation	(37)	–	(95,385)	(93)	(95,478)	(95,515)
Income tax expenses/(credit)	(735)	–	(768)	7,105	6,337	5,602
Reportable segment profit/(loss) after income tax	2,917	(37,341)	(208,617)	(6,677)	(252,635)	(249,718)
Other material non-cash items						
Gain/(loss) on disposal of subsidiaries	782	(37,342)	(113,942)	–	(151,284)	(150,502)
Impairment of						
– trade and other receivables	–	–	(899)	–	(899)	(899)
– inventories – real estate	–	–	–	(10,356)	(10,356)	(10,356)
Capital expenditure incurred during the year	90	–	22	83	105	195
	At 31 March 2009					
Reportable segment assets	60,656	–	–	54,916	54,916	115,572
Reportable segment liabilities	42,214	–	–	14,093	14,093	56,307

	Four months ended 31 July 2008					
	Continuing operations	Discontinued operations				
	Building materials	Home appliances	Mining	Real estate	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	33,054	–	9,309	–	9,309	42,363
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	33,054	–	9,309	–	9,309	42,363
Finance income	–	–	–	6	6	6
Finance costs	(171)	–	–	–	–	(171)
Depreciation and amortisation	(10)	–	(42,394)	(30)	(42,424)	(42,434)
Income tax expenses	–	–	(773)	–	(773)	(773)
Reportable segment profit/(loss) after income tax	1,910	–	(40,831)	(845)	(41,676)	(39,766)
Other material non-cash items						
Impairment of trade and other receivables	–	–	(614)	–	(614)	(614)
Capital expenditure incurred during the period	15	–	127	–	127	142

	Four months ended 31 July 2009				
	Continuing operations			Discontinued operations	
	Forestry business	Building materials	Sub-total	Real estate	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	–	46,793	46,793	123	46,793
Inter-segment revenue	–	–	–	–	–
Reportable segment revenue	–	46,793	46,793	123	46,793
Finance income	–	–	–	3	3
Finance costs	–	(5)	(5)	–	(5)
Depreciation and amortisation	–	(16)	(16)	(32)	(48)
Income tax credit	–	–	–	30	30
Reportable segment loss after income tax	(5,922)	(4,700)	(10,622)	(1,178)	(11,800)
Other material non-cash items					
Impairment of inventories – real estate	–	–	–	121	121
Capital expenditure incurred during the period	–	13	13	–	13
	At 31 July 2009				
Reportable segment assets	2,819,874	46,052	2,865,926	54,899	2,920,825
Reportable segment liabilities	752,385	40,549	792,934	14,174	807,108

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities and other material items

	Year ended 31 March			Four month ended 31 July	
	2007	2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
Reportable segment revenue	209,701	222,854	178,061	42,363	46,793
Elimination of inter-segment revenue	–	–	–	–	–
Consolidation turnover	209,701	222,854	178,061	42,363	46,793

	Year ended 31 March			Four month ended 31 July	
	2007	**2008**	**2009**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Loss					
Reportable segment loss after taxation and derived from Group's external customers	39,105	91,057	249,718	39,766	11,800
Unallocated corporate income	(768)	(12,446)	(2,631)	(451)	(159)
Depreciation and amortisation	127	244	358	126	114
Finance costs	236	1,868	62,921	25,392	–
Unallocated corporate expenses	16,683	34,007	15,295	4,170	3,054
Unallocated gain on extinguishment of convertible and promissory notes	–	–	(292,921)	–	–
Consolidated loss after taxation	55,383	114,730	32,740	69,003	14,809

	As at 31 March			As at 31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Reportable segment assets	270,110	2,170,528	115,572	2,920,825
Unallocated corporate assets	29,682	191,004	122,388	270,760
Consolidated total assets	299,792	2,361,532	237,960	3,191,585

	As at 31 March			As at 31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Liabilities				
Reportable segment liabilities	140,972	94,584	56,307	807,108
Unallocated corporate liabilities	681	1,189,344	1,311	192,335
Consolidated total liabilities	141,653	1,283,928	57,618	999,443

Other material items

	For the year ended 31 March			Four months ended 31 July	
	2007	2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Finance income					
Reportable segment totals	565	324	17	6	3
Unallocated amounts	761	3,476	1,141	346	27
Consolidated totals	1,326	3,800	1,158	352	30
Finance costs					
Reportable segment totals	2,435	1,472	377	171	5
Unallocated amounts	236	1,868	62,921	25,392	–
Consolidated totals	2,671	3,340	63,298	25,563	5
Depreciation and amortisation					
Reportable segment totals	10,142	13,132	95,515	42,434	48
Unallocated amounts	129	5,101	358	126	114
Consolidated totals	10,271	18,233	95,873	42,560	162
Impairment losses of trade and other receivables					
Reportable segment totals	1,362	5,365	899	614	–
Unallocated amounts	–	–	–	–	–
Consolidated totals	1,362	5,365	899	614	–
Impairment losses of goodwill					
Reportable segment totals	2,327	4,957	–	–	–
Unallocated amounts	–	–	–	–	–
Consolidated totals	2,327	4,957	–	–	–
Impairment losses of mould deposit					
Reportable segment totals	1,342	5,513	–	–	–
Unallocated amounts	–	–	–	–	–
Consolidated totals	1,342	5,513	–	–	–
Write down of inventories					
Reportable segment totals	4,344	3,733	10,356	–	121
Unallocated amounts	–	–	–	–	–
Consolidated totals	4,344	3,733	10,356	–	121
Income tax expenses					
Reportable segment totals	(131)	1,895	(5,602)	773	(30)
Unallocated amounts	–	–	17	–	–
Consolidated totals	(131)	1,895	(5,585)	773	(30)

Geographical segments

The following table presents the Group's geographical segment information. Segment revenue is based on the geographical location of customers. Segment assets are based on the geographical locations of the assets.

	Revenue					Total assets			
	Year ended 31 March			Four months ended 31 July		At 31 March			At 31 July
	2007	2008	2009	2008	2009	2007	2008	2009	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations									
Europe	–	–	–	–	–	–	–	–	313,951
North America	–	–	–	–	–	–	–	–	–
South America	–	–	–	–	–	–	–	–	2,500,479
Asia Pacific	6,691	121,592	162,641	33,054	46,793	41,770	221,707	183,045	322,256
Middle East	–	–	–	–	–	–	–	–	–
Oceania	–	–	–	–	–	–	–	–	–
	6,691	121,592	162,641	33,054	46,793	41,770	221,707	183,045	3,136,686
Discontinuing operations									
Europe	92,769	35,153	–	–	–	8,941	–	–	–
North America	69,713	28,272	–	–	–	3,652	–	–	–
South America	17,095	14,328	–	–	–	4,406	–	–	–
Asia Pacific	7,141	9,600	15,420	9,309	–	239,032	2,139,825	54,915	54,899
Middle East	11,423	10,039	–	–	–	1,401	–	–	–
Oceania	4,869	3,870	–	–	–	590	–	–	–
	203,010	101,262	15,420	9,309	–	258,022	2,139,825	54,915	54,899
Consolidated total	209,701	222,854	178,061	42,363	46,793	299,792	2,361,532	237,960	3,191,585

8. SEASONALITY OF OPERATIONS

The Group's forest operations in Brazil is located in the Amazon and is subject to weather conditions during the rainy season ranging roughly from December to April each year. Forest logging activities in the Amazon are substantially scaled down or stopped in some areas completely. Log prices usually increase during the rainy season due to diminished supplies. This affects many sawmill operators that have to stock up logs and tie up significant working capital, but benefit forest owners who can plan ahead to reserve stock pile prior to the start of the rainy season. The Group incorporates this seasonality in its forest management plan to avoid supply shortage as well as to take advantage of seasonal price differentials in logs.

9. TURNOVER, OTHER REVENUE AND OTHER NET INCOME

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts and revenue from construction contracts.

An analysis of turnover, other revenue and other net income is as follows:

	For the year ended 31 March									For the four months ended 31 July					
	Continuing operations			Discontinued operations			Consolidated			Continuing operations		Discontinued operations		Consolidated	
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2008	2009	2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover															
Sales of goods	–	–	6,757	203,010	101,262	15,420	203,010	101,262	22,177	2,486	–	9,309	123	11,795	123
Revenue from construction contracts	6,691	121,592	155,884	–	–	–	6,691	121,592	155,884	30,568	46,793	–	–	30,568	46,793
	6,691	121,592	162,641	203,010	101,262	15,420	209,701	222,854	178,061	33,054	46,793	9,309	123	42,363	46,916
Other revenue															
Sale of scrap materials	–	–	–	966	–	–	966	–	–	–	–	–	–	–	–
Others	7	226	1,770	1,922	6,080	1,283	1,929	6,306	3,053	1,354	1,126	39	29	1,393	1,155
	7	226	1,770	2,888	6,080	1,283	2,895	6,306	3,053	1,354	1,126	39	29	1,393	1,155
Other net income															
Gain on disposal of property, plant and equipment	–	8,791	–	861	–	–	861	8,791	–	–	–	–	–	–	–
Gain on disposal of a subsidiary	–	–	782	10	–	–	10	–	782	–	–	–	–	–	–
Excess of the Group's share of net fair vale of interest in subsidiaries acquired over the cost of acquisition	–	–	–	–	2,011	–	–	2,011	–	–	–	–	–	–	–
Exchange difference, net	–	20	–	–	81	–	–	101	–	–	–	–	–	–	–
	–	8,811	782	871	2,092	–	871	10,903	782	–	–	–	–	–	–
Other revenue and net income	7	9,037	2,552	3,759	8,172	1,283	3,766	17,209	3,835	1,354	1,126	39	29	1,393	1,155
	6,698	130,629	165,193	206,769	109,434	16,703	213,467	240,063	181,896	34,408	47,919	9,348	152	43,756	48,071

10. OTHER OPERATING EXPENSES

	For the year ended 31 March									For the four months ended 31 July					
	Continuing operations			Discontinued operations			Consolidated			Continuing operations		Discontinued operations		Consolidated	
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2008	2009	2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
										(Unaudited)		*(Unaudited)*		*(Unaudited)*	
Loss on disposal of a subsidiary	77	–	–	–	139	–	77	139	–	–	–	–	–	–	–
Loss on disposal of property, plant and equipment	–	–	230	–	4,390	–	–	4,390	230	–	–	–	–	–	–
Write down of inventories – real estate	–	–	–	–	3,733	10,356	–	3,733	10,356	–	–	–	121	–	121
Acquisition related costs	–	–	–	–	–	–	–	–	–	–	5,922	–	–	–	5,922
Amortisation of intangible assets	–	–	–	–	10,589	95,303	–	10,589	95,303	–	–	42,357	–	42,357	–
Impairment loss on goodwill	2,327	–	–	–	4,957	–	2,327	4,957	–	–	–	–	–	–	–
Impairment losses on mould deposits	–	–	–	1,342	5,513	–	1,342	5,513	–	–	–	–	–	–	–
Impairment losses on property, plant and equipment	–	–	–	–	10,466	–	–	10,466	–	–	–	–	–	–	––
	2,404	–	230	1,342	39,787	105,659	3,746	39,787	105,889	–	5,922	42,357	121	42,357	6,043

11. PROFIT/(LOSS) BEFORE TAXATION

The Group's profit/(loss) before taxation is arrived at after charging/(crediting):

	For the year ended 31 March									For the four months ended 31 July					
	Continuing operations			Discontinued operations			Consolidated			Continuing operations		Discontinued operations		Consolidated	
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2008	2009	2008	2009	2008	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
(a) Net finance costs															
Finance income	(774)	(3,481)	(1,141)	(552)	(319)	(17)	(1,326)	(3,800)	(1,158)	(346)	(27)	(6)	(3)	(352)	(30)
Interest on bank and other borrowings wholly repayable within five years	229	182	313	2,021	1,214	–	2,250	1,396	313	25,558	5	–	–	25,558	5
Interest on convertible notes	–	1,167	45,963	–	–	–	–	1,167	45,963	–	–	–	–	–	–
Interest on promissory notes	–	684	16,951	–	–	–	–	684	16,951	–	–	–	–	–	–
Interest on amounts due to shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest on amounts due to related parties	–	–	64	163	–	–	163	–	64	–	–	–	–	–	–
Finance charges on obligations under finance leases	15	17	7	243	76	–	258	93	7	5	–	–	–	5	–
Total interest expenses on financial liabilities not at fair value through profit or loss	244	2,050	63,298	2,427	1,290	–	2,671	3,340	63,298	25,563	5	–	–	25,563	5
	(530)	(1,431)	62,157	1,875	971	(17)	1,345	(460)	(62,140)	25,217	(22)	(6)	(3)	(25,211)	(25)
(b) Staff costs															
Salaries, wages and other benefits	16,295	15,611	7,763	30,352	19,716	1,078	46,647	35,327	8,841	3,111	1,942	565	77	3,676	2,019
Severance payments	–	–	–	371	524	–	371	524	–	–	–	–	–	–	–
Pension scheme contributions	187	240	183	422	221	4	609	461	187	80	44	4	–	84	44
	16,482	15,851	7,946	31,145	20,461	1,082	47,627	36,312	9,028	3,191	1,986	569	77	3,760	2,063
(c) Other items															
Cost of inventories sold*	–	646	8,966	189,137	104,622	4,521	189,137	105,268	13,487	2,088	–	4,450	–	6,538	–
Depreciation	12	1,523	395	10,110	5,963	170	10,122	7,486	565	136	131	65	31	201	162
Amortisation of land lease premium	8	158	5	141	–	–	149	158	5	–	–	2	–	2	–
Amortisation of intangible assets	–	–	–	–	10,589	95,303	–	10,589	95,303	–	–	42,357	–	42,357	–
Minimum lease payments under operating leases for land and buildings (including directors' quarters)	939	1,499	2,260	798	159	–	1,737	1,658	2,260	704	785	–	–	704	785
Auditor's remuneration															
– audit services	285	1,243	1,030	315	28	–	600	1,271	1,030	–	580	–	–	–	580
– other services	110	672	1,405	–	–	–	110	672	1,405	–	–	–	–	–	–
	395	1,915	2,435	315	28	–	710	1,943	2,435	–	580	–	–	–	580
Impairment losses on trade receivables	20	1,828	–	1,342	2,599	899	1,362	4,427	899	–	–	614	–	614	–
Impairment losses on retention receivables	–	938	–	–	–	–	–	938	–	–	–	–	–	–	–

* *Cost of inventories sold includes depreciation of approximately HK$7,789,000, HK$4,766,000, HK$Nil and HK$Nil and staff costs of approximately HK$21,251,000, HK$13,038,000, HK$Nil and HK$Nil for the years ended 31 March 2007, 2008 and 2009 and the four months ended 31 July 2009 respectively, the amount of which is also included in the respective total amounts disclosed separately above.*

12. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	For the year ended 31 March 2007			
	Fees	**Salaries and other benefits**	**Retirement scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Cheng Tun Nei	–	1,289	12	1,301
Cheng Tze Kit, Larry	–	1,324	12	1,336
Kwok Hon Lam	–	1,564	–	1,564
Kwok Chi Hang, Peter	–	494	–	494
Loo Pak Hong	–	50	–	50
Siu Miu Man	–	2,578	12	2,590
	–	7,299	36	7,335
Non-executive directors				
To Wing Yee, Janice	32	–	–	32
Yeung Chee Tat	61	–	–	61
	93	–	–	93
Independent non-executive directors				
Chan Sun Kwong	180	–	–	180
Chow Nim Sun, Nelson	120	–	–	120
Fung Kwan Yin, James	60	–	–	60
	360	–	–	360
	453	7,299	36	7,788

	For the year ended 31 March 2008			
	Fees	Salaries and other benefits	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Cheng Tun Nei	–	1,300	12	1,312
Chung Oi Ling, Stella	–	233	6	239
Teoh Tean Chai, Anthony	–	517	7	524
Cheng Tze Kit, Larry	–	1,140	12	1,152
Kwok Hon Lam	–	720	–	720
Kwok Chi Hang, Peter	–	228	–	228
Siu Miu Man	–	2,200	10	2,210
	–	6,338	47	6,385
Non-executive directors				
Li Wa Hei	58	–	–	58
Yeung Chee Tat	42	–	–	42
	100	–	–	100
Independent non-executive directors				
Chu Kin Wang, Peleus	17	–	–	17
Lo Chi Ho, William	58	–	–	58
Wu Chi Chiu	58	–	–	58
Chow Nim Sun, Nelson	50	–	–	50
Lam Kwok Cheong	50	–	–	50
Chan Sun Kwong	150	–	–	150
Fung Kwan Yin, James	–	–	–	–
	383	–	–	383
	483	6,338	47	6,868

	For the year ended 31 March 2009			
	Fees	Salaries and other benefits	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Cheng Tun Nei	–	400	6	406
Teoh Tean Chai, Anthony	–	960	12	972
Chung Oi Ling, Stella	–	480	12	492
	–	1,840	30	1,870
Non-executive directors				
Li Wa Hei	33	–	–	33
Independent non-executive directors				
Chu Kin Wang, Peleus	100	–	–	100
Lo Chi Ho, William	100	–	–	100
Wu Chi Chiu	42	–	–	42
Lau Wa Chun	58	–	–	58
	300	–	–	300
	333	1,840	30	2,203

	For the four months ended 31 July 2008 (Unaudited)			
	Fees	Salaries and other benefits	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Cheng Tun Nei	–	400	4	404
Teoh Tean Chai, Anthony	–	320	4	324
Chung Oi Ling, Stella	–	160	4	164
	–	880	12	892
Non-executive directors				
Li Wa Hei	33	–	–	33
Independent non-executive directors				
Chu Kin Wang, Peleus	33	–	–	33
Lo Chi Ho, William	33	–	–	33
Wu Chi Chiu	33	–	–	33
	99	–	–	99
	132	880	12	1,024

	For the four months ended 31 July 2009			
	Fees	Salaries and other benefits	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Teoh Tean Chai, Anthony	–	320	4	324
Chung Oi Ling, Stella	–	160	4	164
	–	480	8	488
Independent non-executive directors				
Lo Chi Ho, William	33	–	–	33
Lau Wa Chun	33	–	–	33
Chu Kin Wang, Peleus	33	–	–	33
	99	–	–	99
	99	480	8	587

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals for the years ended 31 March 2007, 2008 and 2009, and the four months ended 31 July 2009 included four, four, four and three directors respectively, details of whose remuneration are set out in note 12 above. Details of the emoluments of the remaining one, one, one and two non-director, highest paid individual for the Relevant Periods respectively are as follows:

	The Group				
	For the year ended 31 March			For the four months ended 31 July	
	2007	2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Salaries and other benefits	1,289	1,330	1,680	560	560
Retirement scheme contributions	12	12	24	8	8
	1,301	1,342	1,704	568	568

14. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	For the year ended 31 March									For the four months ended 31 July					
	Continuing operations			Discontinued operations			Consolidated			Continuing operation		Discontinued operations		Consolidated	
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2008	2009	2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
										(Unaudited)		*(Unaudited)*		*(Unaudited)*	
Current tax															
- Hong Kong	(131)	1,604	(276)	-	-	-	(131)	1,604	(276)	-	-	-	-	-	-
- Overseas	-	266	1,028	-	25	(6,337)	-	291	(5,309)	-	-	773	(30)	773	(30)
Overprovision	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax (credit)/expense	(131)	1,870	752	-	25	(6,337)	(131)	1,895	(5,585)	-	-	773	(30)	773	(30)

Hong Kong Profits Tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong for the years ended 31 March 2007 and 2008; 16.5% on the estimated assessable profit for the year ended 31 March 2009 and period ended 31 July 2009 and 2008.

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

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations changed the tax rate from 33% to 25% for PRC subsidiaries from 1 January 2008.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between tax expense/(credit) and accounting profit/(loss) at applicable tax rates:

	For the year ended 31 March			For the four months ended 31 July	
	2007	2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Profit/(loss) before taxation					
– Continuing operations	(19,140)	(16,927)	220,645	(27,327)	(13,631)
– Discontinued operations *(note 15)*	(36,374)	(95,908)	(258,970)	(40,903)	(1,208)
	(55,514)	(112,835)	(38,325)	(68,230)	(14,839)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits/(losses) in the countries concerned	(11,549)	(38,364)	8,758	(14,711)	(2,391)
Tax effect of change in tax rate	–	–	(2,622)	–	–
Tax effect of non-taxable income	(1,311)	(3,023)	(48,562)	(105)	(4)
Tax effect of non-deductible expenses	1,652	10,706	34,139	10,854	1,279
Tax losses utilised from previous periods	(9)	–	–	–	–
Tax effect of tax losses not recognised	11,086	32,309	3,913	4,921	1,086
(Over)/Under provision in prior year	–	–	(1,246)	199	–
Unrecognised difference	–	–	35	–	–
Others	–	267	–	(385)	–
Actual tax expense/(credit)	(131)	1,895	(5,585)	773	(30)

15. DISCONTINUED OPERATIONS

(a) For the four months ended 31 July 2009

(i) On 1 August 2009, Anex Properties Holdings Limited, a wholly owned subsidiary of the Company, entered into an agreement with Mr. Tse Chun Fai, and independent third party, to dispose of its entire interest in Joyful Rise Investments Limited and Beijing Joyful Rise Investment Consulting Company Limited (collectively "Joyful Rise Group"). Joyful Rise Group was principally engaged in the real estate operations. The disposal was completed on 1 August 2009.

(ii) On 22 September 2009, the Company entered into a sale and purchase agreement with Mr. Goh Ee Bin, an independent third party, to dispose of the entire equity interest in Leadprime Limited and its subsidiaries, Anex Properties Holdings Limited and Ancen Properties Limited, collectively ("Leadprime Group"). Leadprime Group was principally engaged in the real estate operations. The disposal was completed on 30 September 2009. The details of consideration has been set out in note 46 to the financial statements.

(b) For the year ended 31 March 2009

(i) On 15 August 2008, the Company entered into a conditional agreement with Pure Hope Development Limited ("PHL"), a substantial shareholder of the Company to dispose of the Group's entire interest in issued share capital of a subsidiary, namely Ling Kit Holding Limited which held 80% equity interest in 海城市東鑫實業有限公司 (Haicheng Dongxin Industry Limited) (collectively "Ling Kit Group") and the shareholder's loans of approximately HK$77,564,000 due by Ling Kit Group to the Company for a consideration of approximately HK$1,624,464,000. Ling Kit Group was engaged in the mining operation in the PRC. The Group discontinued the mining operation upon the completion of the Ling Kit Disposal on 29 December 2008.

(ii) On 24 September 2008, the Company entered into a sale and purchase agreement with Rich Kind Investment Development Limited, an independent third party, to dispose of the entire equity interest in Anco Industrial Company Limited and its subsidiaries (collectively the "Anco Group") for a consideration of HK$1 which shall be settled by payment in cash. The Anco Group was principally engaged in the property holding for home appliance business. The Anco Disposal was completed on 30 September 2008.

(c) For the year ended 31 March 2008

On 8 December 2007, the Company entered into a sales and purchase agreement with Ocean Alliance (HK) Limited, an independent third party, to dispose of the entire equity interest in Antec Appliance Limited and its subsidiaries (collectively "Antec Group") and Anex Electrical Company Limited and its subsidiaries (collectively "AECL Group") and the entire amounts owing by Antec Group and AECL Group to the Group. Antec Group and AECL Group were principally engaged in the design and manufacture of electrical appliances ("Home Appliances Operation"). The disposal was completed on 31 January 2008. Upon completion of the disposal, the Group discontinued the Home Appliances Operation.

The results of the discontinued operations which have been included in the consolidated income statement for the Relevant Periods are as follows:

	For the year ended 31 March 2007			
	Real estate	Mining	Home appliances	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	–	–	203,010	203,010
Cost of sales	(53)	–	(189,137)	(189,190)
Gross profit/(loss)	(53)	–	13,873	13,820
Other revenue	303	–	2,585	2,888
Other net income	–	–	861	861
Selling and distribution costs	(120)	–	(15,026)	(15,146)
Administrative expenses	(1,246)	–	(28,800)	(30,046)
Other operating expenses	–	–	(1,332)	(1,332)
Loss from operations	(1,116)	–	(27,839)	(28,955)
Finance income	100	–	452	552
Finance costs	–	–	(2,427)	(2,427)
Share of loss of an associate	(5,544)	–	–	(5,544)
Loss before tax	(6,560)	–	(29,814)	(36,374)
Income tax	–	–	–	–
	(6,560)	–	(29,814)	(36,374)
Loss on disposal of discontinued operations	–	–	–	–
Loss on discontinued operations for the year	(6,560)	–	(29,814)	(36,374)
Attributable to:				
Owners of the Company	(6,088)	–	(29,746)	(35,834)
Non-controlling interests	(472)	–	(68)	(540)
	(6,560)	–	(29,814)	(36,374)
Cash flow from discontinued operations used in				
Net cash generated from/(used in) operating activities	(188)	–	1,232	1,044
Net cash generated from/(used in) investing activities	23,940	–	(4,077)	19,863
Net cash used in financing activities	–	–	(604)	(604)
	23,752	–	(3,449)	20,303

	For the year ended 31 March 2008			
	Real estate	Mining	Home appliances	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	–	1,445	99,817	101,262
Cost of sales	–	(646)	(109,274)	(109,920)
Gross profit/(loss)	–	799	(9,457)	(8,658)
Other revenue	191	–	5,889	6,080
Other net income	81	2,011	–	2,092
Selling and distribution costs	(1,188)	(80)	(7,325)	(8,593)
Administrative expenses	(4,292)	(644)	(16,685)	(21,621)
Other operating expenses	(8,690)	(10,589)	(20,508)	(39,787)
Loss from operations	(13,898)	(8,503)	(48,086)	(70,487)
Finance income	118	–	201	319
Finance costs	–	–	(1,290)	(1,290)
Loss before tax	(13,780)	(8,503)	(49,175)	(71,458)
Income tax	–	(11)	(14)	(25)
	(13,780)	(8,514)	(49,189)	(71,483)
Loss on disposal of discontinued operations	–	–	(24,450)	(24,450)
Loss on discontinued operations for the year	(13,780)	(8,514)	(73,639)	(95,933)
Attributable to:				
Owners of the Company	(10,940)	(6,409)	(73,639)	(90,988)
Non-controlling interests	(2,840)	(2,105)	–	(4,945)
	(13,780)	(8,514)	(73,639)	(95,933)
Cash flow from discontinued operations				
Net cash used in operating activities	(26,317)	(95)	(11,389)	(37,801)
Net cash generated from investing activities	92	3,135	4,180	7,407
Net cash used in financing activities	–	–	(3,645)	(3,645)
	(26,225)	3,040	(10,854)	(34,039)

	For the year ended 31 March 2009			
	Real estate	Mining	Home appliances	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	5,054	10,366	–	15,420
Cost of sales	(3,791)	(5,290)	–	(9,081)
Gross profit	1,263	5,076	–	6,339
Other revenue	1,013	270	–	1,283
Selling and distribution costs	(3,634)	(1,751)	–	(5,385)
Administrative expenses	(2,082)	(2,199)	–	(4,280)
Other operating expenses	(10,356)	(95,303)	–	(105,659)
Loss from operations	(13,796)	(93,907)	–	(107,702)
Finance income	17	–	–	17
Finance costs	–	–	–	–
Loss before tax	(13,779)	(93,907)	–	(107,685)
Income tax	7,105	(768)	–	6,337
	(6,674)	(94,675)	–	(101,348)
Loss on disposal of discontinued operations	–	(113,942)	(37,342)	(151,285)
Loss on discontinued operations for the year	(6,674)	(208,617)	(37,342)	(252,633)
Attributable to:				
Owners of the Company	(1,784)	(189,682)	(37,342)	(231,914)
Non-controlling interests	(4,890)	(18,935)	–	(20,719)
	(6,674)	(208,617)	(37,342)	(252,633)
Cash flow from discontinued operations				
Net cash used in operating activities	(901)	(2,817)	–	(3,718)
Net cash generated from/(used in) investing activities	9	(148)	1	(138)
Net cash generated from/(used in) financing activities	–	–	–	–
	(892)	(2,965)	1	(3,856)

	For the four months ended 31 July 2008 (unaudited)			
	Real estate	**Mining**	**Home appliances**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	–	9,309	–	9,309
Cost of sales	–	(4,450)	–	(4,450)
Gross loss	–	4,859	–	4,859
Other revenue	30	9	–	39
Selling and distribution costs	–	(1,307)	–	(1,307)
Administrative expenses	(881)	(1,262)	–	(2,143)
Other operating expenses	–	(42,357)	–	(42,357)
Loss from operations	(851)	(40,058)	–	(40,909)
Finance income	5	–	1	6
Finance costs	–	–	–	–
Loss before tax	(846)	(40,058)	1	(40,903)
Income tax	–	(773)	–	(773)
	(846)	(40,831)	1	(41,676)
Loss on disposal of discontinued operations	–	–	–	–
Loss on discontinued operations for the period	(846)	(40,831)	1	(41,676)
Attributable to:				
Owners of the Company	(681)	(32,665)	1	(33,345)
Non-controlling interests	(165)	(8,166)	–	(8,331)
	(846)	(40,831)	1	(41,676)
Cash flow from discontinued operations				
Net cash used in operating activities	(69)	(2,211)	–	(2,280)
Net cash generated from/(used in) investing activities	(62)	(127)	1	(188)
Net cash generated from/(used in) financing activities	–	–	–	–
	(131)	(2,338)	1	(2,468)

	For the four months ended 31 July 2009			
	Real estate	**Mining**	**Home appliances**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	123	–	–	123
Cost of sales	–	–	–	–
Gross profit	123	–	–	123
Other revenue	29	–	–	29
Administrative expenses	(1,242)	–	–	(1,242)
Other operating expenses	(121)	–	–	(121)
Loss from operations	(1,211)	–	–	(1,211)
Finance income	3	–	–	3
Loss before tax	(1,208)	–	–	(1,208)
Income tax	30	–	–	30
	(1,178)	–	–	(1,178)
Loss from discontinued operations for the period	–	–	–	–
Loss on disposal of discontinued operations	(1,178)	–	–	(1,178)
Attributable to:				
Owners of the Company	(830)	–	–	(830)
Non-controlling interests	(348)	–	–	(348)
	(1,178)	–	–	(1,178)
Cash flow from discontinued operations				
Net cash used in operating activities	(1,117)	–	–	(1,117)
Net cash generated from investing activities	9	–	–	9
Net cash generated from/(used in) financing activities	–	–	–	–
	(1,108)	–	–	(1,108)

The carrying amounts of the assets and liabilities of the discontinued operations at the date of disposal are disclosed in note 46.

16. DIVIDENDS

The directors do not recommend the payment or declaration of any dividend for the Relevant Periods.

17. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes a loss of HK$57,460,000, HK$90,924,000, HK$37,075,000 and HK$1,668,000 for the years ended 31 March 2007, 2008 and 2009, and the four months ended 31 July 2009 respectively, which has been dealt with in the financial statements of the Company.

18. LOSS PER SHARE

(a) From continuing and discontinued operations

(i) Basic loss per share

The calculation of basic loss per share is based on the following data:

	For the year ended 31 March			For the four months ended 31 July	
	2007	**2008**	**2009**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Loss					
Loss attributable to owners of the Company	(55,027)	(112,892)	(12,707)	(61,498)	(12,797)

	For the year ended 31 March			For the four months ended 31 July	
	2007	**2008**	**2009**	**2008**	**2009**
	'000	*'000*	*'000*	*'000*	*'000*
Number of shares					
Weighted average number of ordinary shares	252,742	369,754	512,897	546,712	415,363

(ii) Diluted loss per share

Diluted loss per share is equal to the basic loss per share for the years ended 31 March 2007, 2008 and 2009, and the four months ended 31 July 2008 and 2009 because the outstanding bonus warrants and convertible notes had an anti-dilutive effect on the basic loss per share for the years ended 31 March 2007, 2008 and 2009, and the four months ended 31 July 2008 and 2009.

(b) From continuing operations

(i) Basic earnings/(loss) per share

The calculation of basic earning/(loss) per share is based on the following data:

	For the year ended 31 March			For the four months ended 31 July	
	2007	**2008**	**2009**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Earnings/(Loss)					
Profit/(loss) attributable to owners of the Company	(19,193)	(21,905)	219,202	(28,153)	(11,967)

	For the year ended 31 March			For the four months ended 31 July	
	2007	2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Number of shares					
Weighted average number of ordinary shares	252,742	369,754	512,897	546,712	415,363

(ii) *Dulited earnings/(loss) per share*

	For the year ended 31 March			For the four months ended 31 July	
	2007	2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Earnings/(loss)					
Profit/(loss) attributable to owners of the Company	(19,193)	(21,905)	219,202	(28,153)	(11,967)

	For the year ended 31 March			For the four months ended 31 July	
	2007	2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Number of shares					
Weighted average number of ordinary shares for the purposes of basis earnings/(loss) per share	1,347,957	1,972,021	2,735,450	2,915,799	2,215,270
Effect of share consolidation	(1,095,215)	(1,602,267)	(2,222,553)	(2,369,087)	(1,799,907)
Adjusted weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	252,742	369,754	512,897	546,712	415,363
Effect of dilutive potential ordinary shares from outstanding warrants	737	35,082	–	1,390	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	253,479	404,836	512,897	548,102	453,644

(c) From discontinued operations

Basic and diluted loss per share for the discontinued operations for the years ended 31 March 2007, 2008 and 2009, and the four months ended 31 July 2008 and 2009 were HK$14.14 cents per share, HK$24.61 cents per share, HK$45.22 cents per share, HK$6.09 cents per share and HK$0.20 cents per share, respectively, based on the following data:

(i) Basic loss per share

	For the year ended 31 March			For the four months ended 31 July	
	2007	**2008**	**2009**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Earnings					
Loss attributable to owners of the Company	(35,834)	(90,988)	(231,914)	(33,345)	(830)

	For the year ended 31 March			For the four months ended 31 July	
	2007	**2008**	**2009**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Number of shares					
Weighted average number of ordinary share	252,742	369,754	512,897	546,712	415,363

(ii) Diluted loss per share

Diluted loss per share is equal to the basic loss per share for the years ended 31 March 2007, 2008 and 2009, and the four months ended 31 July 2008 and 2009 because the outstanding bonus warranties and convertible notes had an anti-dilutive effect on the basic loss per share for the years ended 31 March 2007, 2008 and 2009, and the four months ended 31 July 2008 and 2009.

19. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold land	Buildings held for own use carried at fair value	Furniture and fixtures	Machinery, engineering and other equipment	Motor vehicles	Construction in progress	Moulds	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost or valuation								
At 1 April 2006	–	40,400	10,920	16,090	175	–	52,172	119,757
Disposal of a subsidiary	–	–	(27)	–	–	–	–	(27)
Additions	–	117	2,872	2,514	585	–	3,062	9,150
Disposals	–	(1,530)	(188)	–	–	–	–	(1,718)
Revaluation surplus	–	8,030	–	–	–	–	–	8,030
Exchange realignment	–	3	64	–	7	–	–	74
At 31 March 2007	–	47,020	13,641	18,604	767	–	55,234	135,266
Analysis of cost or valuation								
At cost	–	–	13,641	18,604	767	–	55,234	88,246
At valuation	–	47,020	–	–	–	–	–	47,020
	–	47,020	13,641	18,604	767	–	55,234	135,266
At 1 April 2007	–	47,020	13,641	18,604	767	–	55,234	135,266
Acquisition of subsidiaries	–	–	70	–	651	–	–	721
Disposal of subsidiaries	–	–	(5,322)	(13,455)	(175)	–	(48,482)	(67,434)
Additions	–	–	871	91	256	–	1,130	2,348
Disposals	–	(6,810)	(8,010)	(5,240)	–	–	(7,882)	(27,942)
Revaluation surplus	–	3,796	–	–	–	–	–	3,796
Exchange realignment	–	24	12	–	28	–	–	64
At 31 March 2008	–	44,030	1,262	–	1,527	–	–	46,819
Analysis of cost or valuation								
At cost	–	–	1,262	–	1,527	–	–	2,789
At valuation	–	44,030	–	–	–	–	–	44,030
	–	44,030	1,262	–	1,527	–	–	46,819
At 1 April 2008	–	44,030	1,262	–	1,527	–	–	46,819
Disposal of subsidiaries	–	(43,800)	(98)	–	(665)	–	–	(44,563)
Additions	–	–	1,275	–	–	–	–	1,275
Disposals	–	–	–	–	(341)	–	–	(341)
Revaluation surplus	–	51	–	–	–	–	–	51
Exchange realignment	–	9	9	–	19	–	–	37
Classified as held for sale	–	(290)	(435)	–	(284)	–	–	(1,009)
At 31 March 2009	–	–	2,013	–	256	–	–	2,269
Analysis of cost or valuation								
At cost	–	–	2,013	–	256	–	–	2,269
At valuation	–	–	–	–	–	–	–	–
	–	–	2,013	–	256	–	–	2,269
At 1 April 2009	–	–	2,013	–	256	–	–	2,269
Acquisition of subsidiaries	195,307	42,134	13	16,952	7,220	5,484	–	267,110
Additions	–	–	13	–	–	–	–	13
Classified as held for sale	–	–	(12)	–	–	–	–	(12)
At 31 July 2009	195,307	42,134	2,027	16,952	7,476	5,484	–	269,380
Analysis of cost or valuation								
At cost	195,307	–	2,027	16,952	7,476	5,484	–	227,246
At valuation	–	42,134	–	–	–	–	–	42,134
	195,307	42,134	2,027	16,952	7,476	5,484	–	269,380

	Freehold land HK$'000	Buildings held for own use carried at fair value HK$'000	Furniture and fixtures HK$'000	Machinery, engineering and other equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Moulds HK$'000	Total HK$'000
Accumulated depreciation								
At 1 April 2006	–	–	5,563	7,001	32	–	24,447	37,043
Charge for the year	–	1,102	2,036	1,699	54	–	5,231	10,122
Written back on disposals	–	(28)	(183)	–	–	–	–	(211)
Elimination on revaluation	–	(1,075)	–	–	–	–	–	(1,075)
Exchange realignment	–	1	54	–	–	–	–	55
At 31 March 2007	–	–	7,470	8,700	86	–	29,678	45,934
At 1 April 2007	–	–	7,470	8,700	86	–	29,678	45,934
Acquisition of subsidiaries	–	–	1	–	6	–	–	7
Charge for the year	–	1,248	1,659	1,409	86	–	3,084	7,486
Written back on disposals of subsidiaries	–	–	(3,471)	(4,869)	(64)	–	(41,073)	(49,477)
Written back on disposals	–	(68)	(5,477)	(5,240)	–	–	(2,155)	(12,940)
Elimination on revaluation	–	(1,180)	–	–	–	–	–	(1,180)
Impairment *(note d)*	–	–	–	–	–	–	10,466	10,466
Exchange realignment	–	–	2	–	2	–	–	4
At 31 March 2008	–	–	184	–	116	–	–	300
At 1 April 2008	–	–	184	–	116	–	–	300
Charge for the year	–	4	434	–	127	–	–	565
Written back on disposals of subsidiaries	–	–	(25)	–	(72)	–	–	(97)
Written back on disposals	–	–	–	–	(82)	–	–	(82)
Elimination on revaluation	–	(4)	–	–	–	–	–	(4)
Exchange realignment	–	–	1	–	1	–	–	2
Classified as held for sale	–	–	(91)	–	(60)	–	–	(151)
At 31 March 2009	–	–	503	–	30	–	–	533
At 1 April 2009	–	–	503	–	30	–	–	533
Charge for the period	–	–	123	–	8	–	–	131
Acquisition of subsidiaries	–	205	2	662	997	–	–	1,866
Classified as held for sale	–	–	(3)	–	–	–	–	(3)
At 31 July 2009	–	205	625	662	1,035	–	–	2,527
Carrying amount								
At 31 March 2007	–	47,020	6,171	9,904	681	–	25,556	89,332
At 31 March 2008	–	44,030	1,078	–	1,411	–	–	46,519
At 31 March 2009	–	–	1,510	–	226	–	–	1,736
At 31 July 2009	195,307	41,929	1,402	16,290	6,441	5,484	–	266,853

(a) The property, plant and equipment held under finance leases or pledged for banking facilities are as follows:

	At 31 March			At 31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets held under finance leases	5,312	273	–	7,878
Buildings held for own use pledged for banking facilities	6,810	Nil	Nil	Nil
Plant and equipment pledged for banking facilities	Nil	Nil	Nil	2,696

(b) The Group's buildings held for own use were revalued at their open market value by adopting the depreciated replacement cost approach and direct comparison method at 31 March 2007 and 2008 by an independent valuer RHL Appraisal Limited and at 31 July 2009 by an independent valuer Greater China Appraisal Limited ("GCA"). Both valuers who have among their staff, Fellows of Hong Kong Institute of Surveyors, with recent experience in the location and category of property being revalued. Had the Group's properties been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been approximately HK$26,095,000, HK$18,153,000, HK$Nil and HK$41,929,000 as at 31 March 2007, 2008, 2009 and 31 July 2009 respectively.

(c) The analysis of carrying amounts of buildings at reporting date is as follows:

	The Group			
	As at 31 March			As at 31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Held under medium term leases in				
– Hong Kong	6,810	–	–	–
– Mainland China	40,210	44,030	–	–
Held under short term leases in Russia	–	–	–	41,929
	47,020	44,030	–	41,929

(d) During the year ended 31 March 2008, a number of moulds in the home appliances were obsolesces. As a result, the Group assessed the recoverable amount of those moulds and considered the carrying amount of the moulds has to write down by HK$10,466,000 (included in "other operating expenses"). The assessment of recoverable amount were based on the moulds' fair values less cost to sell, determined by reference to the recent observable market prices for similar assets within the same industry.

(e) The freehold land is located in Brazil.

The Company

	Leasehold improvements *HK$'000*	Furniture and other equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost				
At 1 April 2006	–	189	–	189
Additions	–	190	342	532
At 31 March 2007	–	379	342	721
At 1 April 2007	–	379	342	721
Additions	236	69	256	561
At 31 March 2008	236	448	598	1,282
At 1 April 2008	236	448	598	1,282
Additions	826	253	–	1,079
Disposals	–	–	(342)	(342)
At 31 March 2009	1,062	701	256	2,019
At 1 April 2009 and 31 July 2009	1,062	701	256	2,019
Accumulated depreciation				
At 1 April 2006	–	–	–	–
Charge for the year	–	58	34	92
At 31 March 2007	–	58	34	92
At 1 April 2007	–	58	34	92
Charge for the year	–	68	39	107
At 31 March 2008	–	126	73	199
At 1 April 2008	–	126	73	199
Charge for the year	212	106	40	358
Written back on disposals	–	–	(83)	(83)
At 31 March 2009	212	232	30	474
At 1 April 2009	212	232	30	474
Charge for the period	71	36	8	115
At 31 July 2009	283	268	38	589
Carrying amount				
At 31 March 2007	–	321	308	629
At 31 March 2008	236	322	525	1,083
At 31 March 2009	850	469	226	1,545
At 31 July 2009	779	433	218	1,430

20. INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

The Group

	HK$'000
Cost	
At 1 April 2006	7,180
Additions	240
Disposals	(433)
Exchange realignment	7
At 31 March 2007	6,994
At 1 April 2007	6,994
Additions	–
Disposals	(3,696)
Exchange realignment	27
At 31 March 2008	3,325
At 1 April 2008	3,325
Disposals	(3,051)
Exchange realignment	6
Classified as assets held for sale *(note 31)*	(280)
At 31 March 2009	–
At 1 April 2009 and 31 July 2009	–
Accumulated amortisation	
At 1 April 2006	1,812
Charge for the year	149
Written back on disposals	(109)
At 31 March 2007	1,852
At 1 April 2007	1,852
Charge for the year	158
Written back on disposals	(995)
At 31 March 2008	1,015
At 1 April 2008	1,015
Charge for the year	5
Written back on disposals	(1,010)
Classified as assets held for sale *(note 31)*	(10)
At 31 March 2009	–
At 1 April 2009 and 31 July 2009	–
Carrying amount	
At 31 March 2007	5,142
At 31 March 2008	2,310
At 31 March 2009	–
At 31 July 2009	–

(a) Analysed as reporting purpose:

	As at 31 March			As at 31 July
	2007	2008	2009	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current portion	158	66	–	–
Non-current portion	4,984	2,244	–	–
	5,142	2,310	–	–

21. INTANGIBLE ASSETS

The Group

	Timber concession rights	Mining rights	Total
	HK$'000	*HK$'000*	*HK$'000*
	(Note (i))	*(Note (ii))*	
Cost			
At 1 April 2006 and 31 March 2007	–	–	–
At 1 April 2007	–	–	–
Acquisition of subsidiaries *(note 45(b))*	–	2,033,130	2,033,130
At 31 March 2008	–	2,033,130	2,033,130
At 1 April 2008	–	2,033,130	2,033,130
Disposal of subsidiaries *(note 46(a))*	–	(2,033,130)	(2,033,130)
At 31 March 2009	–	–	–
At 1 April 2009	–	–	–
Acquisition of subsidiaries *(note 45(a))*	168,182	–	168,182
At 31 July 2009	168,182	–	168,182
Accumulated amortisation			
At 1 April 2006 and 31 March 2007	–	–	–
At 1 April 2007	–	–	–
Charge for the year	–	10,589	10,589
At 31 March 2008	–	10,589	10,589
At 1 April 2008	–	10,589	10,589
Charge for the year	–	95,303	95,303
Disposal of subsidiaries *(note 46(a))*	–	(105,892)	(105,892)
At 31 March 2009	–	–	–
At 1 April 2009 and 31 July 2009	–	–	–
Carrying amount			
At 31 March 2007	–	–	–
At 31 March 2008	–	2,022,541	2,022,541
At 31 March 2009	–	–	–
At 31 July 2009	168,182	–	168,182

(a) Timber concession rights

The Group acquired seven timber concession licenses through acquisition of subsidiaries on 31 July 2009. These timber concession rights cover approximately 242,745 hectares of forests situated within the Chita Region in Russia.

The timber concession licenses will expire in 2012 to 2032. Under the terms of the timber concession licences, the Group is required to pay royalties to the respective forestry services departments in Russia at a pre-determined fixed sum calculated based on the volume by species allowed to harvest each year.

The timber concession rights were independently valued by GCA, a professional valuer, with a provisional fair value of HK$168,182,000 as at 31 July 2009. GCA has adopted a direct market data method to value the timber concession rights which is based on the official price data published by the Federal Forestry Agency of the Ministry of Agriculture of the Russian Federation.

(b) Mining rights

(i) The mining rights represented the right to mine magnesite resources in a site area of 0.8942 km^2 in Liaoning Province, the PRC.

(ii) The mining rights are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised on straight-line basis over its estimated useful lives of 16 years. The amortisation charge for the year is grouped under other operating expenses in the consolidated income statement.

(iii) The recoverable amount of the mining rights has been assessed, based on value-in-use calculation performed by an independent professional valuer, Asset Appraisal Limited.

(iv) As described in note 45(b), the Group acquired the entire equity interest of Ling Kit in March 2008 which is solely engaged in holding of 80% equity interest in the Haicheng Dongxin. Haicheng Dongxin is engaged in mining and processing of magnesite ore. The mining rights of the magnesite mine is covered by the mining licences summarized below:

Licence number	Mining Areas (km^2)	Expiry date
2100000431318	0.3110	November 2009
2100000330769	0.2297	May 2004 *(Note (i))*
2100000421523	0.3535	September 2009 *(Note (ii))*
	0.8942	

Notes:

(i) As further explained in (v) below, the relevant government authority has approved the temporary extension of the mining right to October 2008.

(ii) The completion of the acquisition is subject to the approval by the relevant government authority.

(v) As advised by the Company's PRC legal adviser, the relevant PRC local government authority has promulgated certain policies to consolidate mines in Liaoning Province for the purpose of, among others, improving the utilisation of mines and environmental protection. Pursuant to these policies, in September 2007, the relevant PRC authorities certified the three mining licences as mentioned in (iv) above to be consolidated into one.

To the best of the knowledge of the Company's directors, the relevant PRC government authorities' certified the mining areas in respect of the consolidated mining rights exclude certain minor areas, which represented approximately 3% of the aggregated mining areas of the mining licences as mentioned above, for the reason that the excluded areas do not contain any magnesite resources.

As further advised by the Company's PRC legal advisor, Haicheng Dongxin had applied the consolidated mining licence for an area covering 0.8643 km^2, and the application is in process, and there is no foreseeable legal impediments for Haicheng Dongxin to obtain the consolidated mining licence.

(vi) The mining rights were disposed through disposal of subsidiaries completed on 29 December 2008.

22. BIOLOGICAL ASSETS

	HK$'000
Cost	
At 1 April 2006, 31 March 2007, 31 March 2008 and 31 March 2009	–
At 1 April 2009	–
Acquisition of subsidiaries	904,838
At 31 July 2009	904,838
Accumulated impairment losses	
At 1 April 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 31 July 2009	–
Carrying amount	
At 31 March 2007	–
At 31 March 2008	–
At 31 March 2009	–
At 31 July 2009	904,838

The Group's forest assets, acquired through the business combination of Amplewell Holdings Limited and its subsidiaries, are located in the Northwest of Brazil, the State of Acre, Amazon Region (the "Brazil Forest"). The total area of the Brazil Forest is approximately 44,500 hectares. Under the environmental laws in Brazil, 15% or 6,675 hectares of the Brazil Forest area is the permanent preservation area and therefore is restricted from logging. At least 80% of the remaining area is designated as the sustainable forest management program area. The maximum logging in this area is 30 cubic meters per hectare on a 30 year-cycle.

The Brazil Forest was independently valued by GCA with a fair value of HK$904,838,000 as at 31 July 2009. GCA has adopted a discounted cash flow methodology in valuing the Brazil Forest, a logging volume of 21.5 m^3 per hectare in the sustainable forest management program has been used in the valuation. The discount rate of 17.2% used is based on the data and factors relevant to the economy, the industry of foresting business and the harvested product in the Brazil Forest, and the weighted average cost of capital.

23. GOODWILL

The Group

	HK$'000
Cost	
At 1 April 2006	–
Arising from acquisition of subsidiaries *(note 45(c))*	7,284
At 31 March 2007 and 2008	7,284
Disposal of subsidiaries *(note 46(a))*	(2,327)
Classified as assets held for sale *(note 31)*	(4,957)
At 31 March 2009	–
Arising from acquisition of subsidiaries *(note 45(a))*	1,394,472
At 31 July 2009	1,394,472
Accumulated impairment losses	
At 1 April 2006	–
Impairment loss	2,327
At 31 March 2007	2,327
Impairment loss	4,957
At 31 March 2008	7,284
Disposal of subsidiaries	(2,327)
Classified as assets held for sale *(note 31)*	(4,957)
At 31 March 2009, 1 April 2009 and 31 July 2009	–
Carrying amount	
At 31 March 2007	4,957
At 31 March 2008	–
At 31 March 2009	–
At 31 July 2009	1,394,472

Impairment test for goodwill

Goodwill is allocated to the Group's cash generating units ("CGU") identified according to operating segment.

		As at 31 March			As at 31 July
		2007	2008	2009	2009
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Forestry business	*(a)*	N/A	N/A	N/A	1,394,472
Real estate	*(b)*	4,957	–	–	–
Building materials	*(c)*	–	–	N/A	N/A
		4,957	–	–	1,394,472

(a) Forestry business

The goodwill as at 31 July 2009 was attributable to the cash-generating unit that comprises the forestry business operating segment. The recoverable amount of the forestry business operating segment was determined to be higher than its carrying amount, therefore, there was no impairment loss.

The recoverable amount of the forestry operating segment cash-generating unit was based on value in use and was determined with the assistance of independent valuers.

Value-in-use was determined by discounting the future cash flows generated from the continuing use of the unit. The calculation of the value-in-use was based on the following key assumptions:

– Cash flows were projected based on past experience and financial budget approved by management. Management estimated that the cash flows after 5 years are immaterial to the overall recoverable amount of the unit, therefore, cash flows after 5 years are not included in the value-in-use calculations.

– Revenue was projected based on management's past experience and their expectations for market development. The anticipated revenue growth in 2011, 2012 and 2013 were 61%, 22% and 3% respectively. Management estimates that there would be a negative revenue growth of 69% in 2014.

– The timber price growth was assumed to be 3 percent per annum, which is in line with the long-run sustainable growth rate throughout the forecast period. The estimate was based on statistical analysis of long-term market price trends adjusted annual for actual experience.

– A discount rate of 17.2 percent was applied in determining the recoverable amount of the unit. The discount rate was estimated based on data and factors relevant to the economy, the industry of forestry business and the weighted average cost of capital.

(b) Real estate

The goodwill as at 31 March 2007 was attributable to the real estate operating segment. Ancen Properties Limited was engaged in real estate development during the year ended 31 March 2008. The Group has acquired new business segment and therefore the business profile of the Group was restructured. As the result, the real estate development business were slowed down significantly and the indication of profit generating ability in the foreseeable future is limited. The directors consider that a full provision for impairment of the carrying amount of goodwill of HK$4,957,000 is required. The provision has been charged to the income statement for the year ended 31 March 2008.

(c) Building materials

BIP (HK) Company Limited ("BIP (HK)") was engaged in construction related activities and provision of project management service. For the purpose of streamlining the overall building materials business operation of the Group, the business of BIP (HK) have been transferred to its fellow subsidiaries. Therefore the business activities of BIP (HK) were slowed down significantly and there is little or no indication of profit generating ability in the foreseeable future. The directors consider that a full provision for impairment of the carrying amount of goodwill of HK$2,327,000 is required. The provision has been charged to the income statement for the year ended 31 March 2007.

24. INTEREST IN SUBSIDIARIES

	The Company			
				As at
	As at 31 March			31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	79,920	1,565,854	–*	–*
Due from subsidiaries	240,521	172,634	59,089	2,113,045
Due to subsidiaries	–	(371)	–	(4,494)
	320,441	1,738,117	59,089	2,108,551
Less: impairment losses	(210,161)	(47,334)	(24,545)	(24,545)
	110,280	1,690,783	34,544	2,084,006

* *Total investment costs are HK$33.*

(a) The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms.

At 31 March 2007, 2008 and 2009 and 31 July 2009, the impairment losses represented the write-down of amounts due from subsidiaries.

(b) During the year ended 31 March 2007, the subsidiaries engaged in the home appliances business have recurring operating losses with low liquidity ratios, the directors determine the recoverable amount based on value-in-use calculation using the discount rate at 7.75% and consider that provision on impairment of the amount due from subsidiaries of HK$210,161,000 is required and the amount of HK$48,979,000 has been charged to the income statement of the Company for the year ended 31 March 2007.

During the year ended 31 March 2008, the impairment losses of HK$210,161,000 have been reversed upon the disposal of the subsidiaries engaged in home appliances business.

(c) During the year ended 31 March 2008, several subsidiaries engaged in real estate business and corporate activity have recurring operating losses with low liquidity ratios. Due to the poor performance of the subsidiaries, the directors determine the recoverable amount based on value-in-use calculation using the discount rate at 7.75%. The directors consider that provision on impairment of the amount due from those subsidiaries engaged in real estate business and corporate activity of HK$2,670,000 and HK$44,664,000 respectively is required. The amount has been charged to the income statement of the Company for the year ended 31 March 2008.

(d) During the year ended 31 March 2009, several subsidiaries have incurred operating losses. After reviewing the financial performance and financial position of these subsidiaries and taking into account the current market environment, the directors consider that impairment loss on the amount due from these subsidiaries of HK$10,563,000 to their receivable amount should be made. The impairment has been charged to the income statement of the Company for the year ended 31 March 2009.

During the year ended 31 March 2009, the impairment losses of HK$33,352,000 have been reversed upon the disposal of the subsidiaries.

(e) During the four months ended 31 July 2009, the operating performance of the relevant subsidiaries did not improve, the directors are of the opinion that impairment losses should not be reversed.

(f) Particulars of the subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			directly	indirectly	
Anex International Management Limited	Hong Kong	HK$1	100	–	Human resources management
Anex Construction and Engineering Holdings Limited	British Virgin Islands	US$1	100	–	Dormant
Anex Properties Holdings Limited	British Virgin Islands	US$1	–	100	Dormant
Ancen Properties Limited ("Ancen Properties")	Hong Kong	HK$100	–	70	Investment holding
東莞嘉湖山莊建造有限公司 ("東莞嘉湖山莊")*	Mainland China	RMB128,276,445	–	70	Real estate development
United Anex Engineering Limited	Hong Kong	HK$10,000	–	60	Building material business
United Anex (Macau) Limited	Macau	MOP$25,000	–	60	Building material business
Idealboom Group Limited	British Virgin Islands	US$1	100	–	Investment holding
Sustainable Forest Holdings Limited (formerly known as Total Growth Limited)	Hong Kong	HK$1	100	–	Properties investment
Anex Far East Limited	Hong Kong	HK$1	–	100	Building material business
Joyful Rise Investments Ltd.#	British Virgin Islands	US$100	–	100	Investment holding
Eagle Island Group Limited	Hong Kong	HK$1	–	100	Dormant

Name	Place of incorporation/ registration and operations	Nominal value of ordinary share capital/ registered capital	Percentage of equity attributable to the Company directly	indirectly	Principal activities
Leadprime Limited	British Virgin Islands	US$1	100	–	Investment holding
Great Path Limited	British Virgin Islands	US$1	100	–	Investment holding
Ever Think Holdings Company Limited	British Virgin Islands	US$1,000	–	70	Dormant
Ever Think Technology Ltd.	Hong Kong	HK$1	–	70	Dormant
北京晉嘉宏采投資諮詢有限公司 (Beijing Joyful Rise Investment Consulting Company Ltd.) ^	Mainland China	RMB100,000	–	100	Properties investment and consulting
Amplewell Holdings Limited #	British Virgin Islands	US$1	–	100	Investment holding
Universal Timber Resources Do Brasil Participacao Ltda #	Brazil	R$100,000,000	–	99.99	Wood harvesting
OOO "Zabaikalskaya Lesnaya Kompania"#	Russia	Rubles7,150,000	–	100	Logging, timber production and wholesale wood products selling in Russia
OOO "Novoles" #	Russia	Rubles40,120,482	–	99.9	Logging, timber production and wholesale wood products selling in Russia
Eastmark Holding Limited #	Samoa	US$5,000,000	–	100	Investment holding
滿州里怡美木業有限公司 #*	Mainland China	US$500,000	–	100	Processing of timber in Mainland China

\# *Subsidiaries set up/acquired during the four months ended 31 July 2009.*

^ *Wholly-foreign owned enterprise registered in mainland China.*

* *Sino-foreign owned enterprise registered in mainland China.*

25. INTEREST IN AN ASSOCIATE

	The Group				The Company			
	As at 31 March			As at 31 July	As at 31 March			As at 31 July
	2007	2008	2009	2009	2007	2008	2009	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	–	–	–	–	–	–	–	–
Share of net assets	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–

During the year ended 31 March 2007, the Company acquired additional 30% equity interest of Ancen Properties and then it became the subsidiary of the Company (note 45(c)). The share of loss of an associate of HK$5,544,000 recorded during the year ended 31 March 2007 (note 15(b)) represent the Group's share of loss of Ancen Properties from 1 April 2006 up to the date of conversion of Ancen Properties from an associate to a subsidiary of the Group.

26. DEPOSIT FOR ACQUISITION OF SUBSIDIARIES

On 28 February 2009 (as supplemented and amended by the supplemental agreement dated 10 March 2009), Great Path Limited ("Great Path") as the purchaser, a wholly-owned subsidiary, Winner Global Holdings Limited ("Winner Global") as the vendor and Ms. Loh, Jiah Yee Katherine ("Ms. Loh"), as a guarantor entered into a conditional agreement (the "Agreement") to acquire 100% of the issued share capital of Amplewell Holdings Limited ("Amplewell") for a total consideration of HK$1,860,045,000 (subject to adjustments).

Amplewell and its subsidiaries (to be acquired through a reorganisation before the date of completion) are principally engaged in the sustainable management of and investment in nature forests, timber and wood processing, timber trading and timber sales and marketing in Russia, Brazil and Manzhouli in the PRC. Great Path has paid an initial deposit of HK$15,500,000 for the acquisition of subsidiaries pursuant to the Agreement. Details of the acquisition have been set out in note 45(a).

27. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	The Group			
	As at 31 March			As at 31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Forestry business				
Raw materials	–	–	–	187
Finished goods	–	–	–	2,848
	–	–	–	3,035
Home appliances				
Raw materials	23,884	–	–	–
Work in progress	9,690	–	–	–
Finished goods	7,892	–	–	–
	41,466	–	–	–
Real estate				
Properties under development for sale	40,115	43,300	–	–
Completed properties held for sale	12,723	15,041	11,576	–
	52,838	58,341	11,576	–
Total inventories	94,304	58,341	11,576	3,035
Inventories carried at net realisable value	1,096	–	–	3,035

(b) The properties under development for sale and completed properties held for sale are located in mainland China and held under long-term leases.

Based on the legal opinion obtained by the Group, the Group enjoyed the rights of use of the parcel of land held for development and income derived from the parcel of land including lease income and from other lawful means notwithstanding the fact that the certificate of state-owned land use right was not registered under the name of 東莞嘉湖山莊.

(c) The analysis of the amount of inventories recognised as an expense is as follows:

	Year ended 31 March			Four months ended 31 July	
	2007	**2008**	**2009**	**2008**	**2009**
Carrying amount of inventories sold	–	–	3,791	–	–
Write down of remaining unsold inventories	4,344	3,733	10,356	–	121
	4,344	3,733	14,147	–	121

(d) The properties under development for sale are expected to be recovered after one year. All of the other inventories are expected to be recovered within one year.

28. TRADE AND OTHER RECEIVABLES

		The Group				The Company			
		As at 31 March			As at 31 July	As at 31 March			As at 31 July
		2007	2008	2009	2009	2007	2008	2009	2009
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables		26,048	64,653	16,635	12,527	–	–	–	–
Less: allowance for doubtful debt	*(c)*	(1,209)	(2,933)	–	–	–	–	–	–
Trade receivables, net	*(a)*	24,839	61,720	16,635	12,527	–	–	–	–
Retentions receivable		1,672	9,255	14,203	17,211	–	–	–	–
Less: allowance for doubtful debts	*(c)*	–	(938)	–	–	–	–	–	–
		1,672	8,317	14,203	17,211	–	–	–	–
Amounts due from non-controlling shareholders	*(e)*	–	256	–	75,579	–	–	–	–
Other receivables		7,061	556	2	11,798	94	420	–	–
Loans and receivables		33,572	70,849	30,840	117,115	94	420	–	–
Prepayments and deposits		3,077	5,434	9,296	1,266	450	1,779	1,029	888
Mould deposits	*(f)*	10,316	–	–	–	–	–	–	–
Gross amount due from customers for contract work	*(29)*	1,828	5,989	10,592	–	–	–	–	–
		48,793	82,272	50,728	118,381	544	2,199	1,029	888

(a) Ageing analysis

Trade receivables less provision for impairment losses of HK$1,209,000, HK$2,933,000, HK$Nil and HK$Nil as at 31 March 2007, 2008 and 2009, and 31 July 2009 with the following ageing analysis based on invoice date and net of allowance for doubtful debts as of the reporting dates were as follows:

	The Group			
	As at 31 March			As at 31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 to 30 days	10,451	44,267	15,494	46
31 to 60 days	9,099	15,175	–	5,128
61 to 90 days	2,163	–	–	5,160
Over 90 days	3,126	2,278	1,141	2,193
	24,839	61,720	16,635	12,527

The Group's trading terms with its customers are mainly on credit and letters of credit, except for new customers where payment in advance and cash on delivery are normally required. Invoices are normally payable between 30 and 180 days after issuance. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management.

(b) Retentions receivable

	The Group			
	As at 31 March			As at 31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Due within one year	–	–	1,429	1,429
Due more than one year	1,672	8,317	12,774	15,782
	1,672	8,317	14,203	17,211

The retentions receivable are interest-free and recoverable at the end of the retention period of individual construction contracts.

(c) Impairment of trade receivables and retentions receivable

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

The movement in the allowance for doubtful debts during the Relevant Periods was as follows:

	Trade receivables				Retentions receivable			
	Year ended 31 March			Four months ended 31 July	Year ended 31 March			Four months ended 31 July
	2007	**2008**	**2009**	**2009**	**2007**	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of the year/period	1,189	1,209	2,933	–	–	–	938	–
Exchange realignment	–	106	24	–	–	–	–	–
Impairment loss recognised	20	4,427	899	–	–	938	–	–
Classified as assets held for sale	–	–	(1,115)	–	–	–	–	–
Disposal of subsidiaries	–	(2,499)	(2,727)	–	–	–	(848)	
Uncollectible amounts written off	–	(310)	(14)	–	–	–	(90)	–
At end of the year/period	1,209	2,933	–	–	–	938	–	–

(i) The Group had impaired HK$20,000, HK$1,828,000, HK$Nil and HK$Nil for the continuing operations, HK$Nil, HK$2,599,000, HK$899,000 and HK$Nil for the discontinued operations during the year ended 31 March 2007, 2008 and 2009 and the four months ended 31 July 2009 respectively. The individually impaired receivables related to customers that were outstanding for over a year as at the reporting date or in financial difficulties. The Group does not hold any collateral over these balances.

(ii) During the year ended 31 March 2008, the Group had impaired HK$938,000 on retentions receivable from continuing operations. The impaired retentions receivable related to a project abandoned. The Group did not hold any collateral over this balance.

(d) Trade receivables that are not impaired

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

	The Group				The Company			
	As at 31 March			As at 31 July	As at 31 March			As at 31 July
	2007	2008	2009	2009	2007	2008	2009	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Neither past due nor impaired	14,294	59,442	15,494	10,334	–	–	–	–
Less than 1 month past due	5,256	–	–	–	–	–	–	–
1 to 3 months past due	5,289	2,278	1,141	2,193	–	–	–	–
	10,545	2,278	1,141	2,193	–	–	–	–
	24,839	61,720	16,635	12,527	–	–	–	–

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(e) Amounts due from non-controlling shareholders

The amounts are unsecured and interest-free. In the opinion of the directors, the amount is expected to be realized within twelve months from the reporting dates.

Included in the amounts due from non-controlling shareholders, there was an amount of HK$69,038,000 due from a non-controlling shareholder which arose from the undertaking given by the non-controlling shareholder as vendor of the 99.9% equity interests in the Russian subsidiary under the indemnification clause of the equity purchase agreement.

Under the repayment agreement entered between the non-controlling shareholder and Amplewell Holdings Limited, a wholly owned subsidiary, the non-controlling shareholder agrees to dispose part of his shares in Winner Global Holdings Limited, a shareholder of the Company and convertible preference shares in the Company to undertake the repayment of the amount due from the non-controlling shareholder.

The amount is also guaranteed by the related company, Assure Gain International Limited which owns 43.38% of Winner Global. Under the guarantee agreement, the related company agrees to dispose sufficient shares in the Company to repay the outstanding amount in the event of default of the non-controlling shareholder.

(f) **Mould deposits**

The Group incurred labour cost, raw materials and other expenses for mould construction and recorded these amounts as mould deposits. When the mould is completed, the amount was recognised as moulds and classified under property, plant and equipment. During the year ended 31 March 2007, 2008 and 2009 and 31 July 2009, the mould deposits of HK$2,372,000, HK$4,803,000, HK$Nil and HK$Nil respectively were transferred to moulds under property, plant and equipment.

Due to the decision of discontinue certain product lines, the directors determine the construction cost of the moulds could not be recovered and therefore impairment on the carrying amount of these mould deposits of HK$1,342,000, HK$5,513,000, HK$Nil and HK$Nil for the years ended 31 March 2007, 2008 and 2009 and four months ended 31 July 2009 respectively was required. The mould deposits are related to the home appliances segment and therefore the impairment are fully charged to the consolidated income statement under.

29. CONTRACT WORK IN PROGRESS

	The Group			
	At 31 March			At 31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contract costs incurred and recognised profits less recognised losses to date	18,147	140,221	100,938	69,888
Less: Progress billings	(20,807)	(140,640)	(90,346)	(69,888)
	(2,660)	(419)	10,592	–
Analysed for reporting purpose as				
Gross amount due from customers for contract work included in trade and other receivables *(Note 28)*	1,828	5,989	10,592	–
Gross amount due to customers for contract work included in trade and other payables *(Note 33)*	(4,488)	(6,408)	–	–
	(2,660)	(419)	10,592	–

30. CASH AND CASH EQUIVALENTS

	The Group				The Company			
				As at				As at
	As at 31 March			31 July	As at 31 March			31 July
	2007	2008	2009	2009	2007	2008	2009	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Pledged bank deposits	12,019	30,211	50,500	25,500	3,600	27,550	50,500	25,500
Non-pledged bank deposits	–	103,819	14,422	5,344	–	103,819	14,422	5,344
Cash at bank and on hand	45,245	15,519	50,016	247,214	10,369	10,123	37,636	237,497
	57,264	149,549	114,938	278,058	13,969	141,492	102,558	268,341
Less: Pledged bank deposits	(12,019)	(30,211)	(50,500)	(25,500)	(3,600)	(27,550)	(50,500)	(25,500)
Cash and cash equivalents in the statement of financial position	45,245	119,338	64,438	252,558	10,369	113,942	52,058	242,841
Bank overdrafts, secured *(note 32)*	(4,085)	(13,781)	(4,041)	(6,910)				
Cash and bank balances classified as held for sale *(note 32)*	–	–	335	360				
Cash and cash equivalents in the consolidated cash flow statement	41,160	105,557	60,732	246,008				
Cash and bank balances denominated in Renminbi	28,681	1,063	114	–				

Renminbi is not freely convertible into other currencies. However, under mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business.

31. ASSETS CLASSIFIED AS HELD FOR SALE

In January 2009, the directors of the Group have commenced negotiations to dispose of certain of the Group's real estate operation as part of the Group's business plan to concentrate on the building materials business and the proposed acquisition of forest operation. Negotiations with interested parties have been subsequently taken place. The assets and liabilities attributable to the real estate operation which are expected to be sold within twelve months, have been classified as assets held for sale and are presented separately in the statement of financial position. The directors expected that the proceeds of the disposal are greater than the net carrying amount of the relevant assets and liabilities and therefore on impairment is necessary.

The major classes of assets and liabilities of the real estate operation, which has been classified as held for sale at the reporting date, are as follows:

		At 31 March			At 31 July
		2007	**2008**	**2009**	**2009**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	19	–	–	858	839
Interests in leasehold land held for own use under operating leases	20	–	–	270	268
Properties under development for sale		–	–	33,838	33,921
Completed properties held for sale		–	–	–	11,582
Trade and other receivables		–	–	5,314	5,369
Pledged bank deposits		–	–	2,568	2,560
Cash and bank balances	30	–	–	335	360
Assets classified as held for sale		–	–	43,183	54,899
Trade and other payables		–	–	9,081	9,454
Deferred tax liabilities	36	–	–	4,750	4,720
Liabilities associated with assets classified as held for sale		–	–	13,831	14,174

32. BANK AND OTHER BORROWINGS AND BANK OVERDRAFTS

		The Group			
		As at 31 March			As at 31 July
	Note	**2007**	**2008**	**2009**	**2009**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank overdrafts, secured	*30 & 32(a)*	4,085	13,781	4,041	6,910
Bank loans, secured	*32(a)*	22,792	25,771	12,265	21,136
Bank loan, unsecured	*32(b)*	–	–	–	1,526
Other loans, secured	*32(c)*	–	–	–	7,337
Other loans, unsecured	*32(d)*	–	–	–	1,032
		26,877	39,552	16,306	37,941
Current		26,877	39,552	16,306	36,712
Non-current		–	–	–	1,229
		26,877	39,552	16,306	37,941

(a) At 31 March 2007, 2008 and 2009 and 31 July 2009, the Group had banking facilities of HK$42,000,000, HK$57,500,000, HK$50,126,000 and HK$41,355,000 of which HK$26,877,000, HK$45,702,000, HK$28,560,000 and HK$29,571,000 had been utilised. The Group's banking facilities were secured by:

(i) The following assets owned by the Group

	As at 31 March			As at 31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest in leasehold land	2,793	–	–	–
Buildings held for own use	6,810	–	–	–
Pledged bank deposits	12,019	30,211	50,500	25,500
Machinery	–	–	–	1,494
Construction in progress	–	–	–	822
Motor vehicles	–	–	–	381
	21,622	30,211	50,500	28,197

(ii) A corporate guarantee given by a non-controlling shareholder of HK$12,000,000, HK$54,500,000, HK$42,500,000 and HK$22,500,000 as at 31 March 2007, 2008 and 2009 and 31 July 2009 respectively.

(iii) Corporate guarantees given by the Company and cross corporate guarantee among subsidiaries.

(iv) Floating charges over receivables of HK$18,000,000 as at 31 July 2009 and 31 March 2009 held by two subsidiaries of the Group.

(v) Personal assets of a non-controlling shareholder as at 31 July 2009.

Except for the secured bank loans of HK$14,416,000 which bearing fixed rate interests ranging from 14% to 17% per annum, all other secured bank loans and overdrafts bear interest at variable rates. The range of effective interest rates (which are also equal to contractual interest rates) on the Group's variable interest rate bank loans and overdrafts are at market rates ranging from 7.25%, 4.75% to 5.25%, 5% to 5.5%, 5% to 5.5% as at 31 March 2007, 2008 and 2009 and 31 July 2009 respectively.

(b) The unsecured bank loan is bearing interest at a fixed rate of 11.02% per annum. The unsecured bank loan is guaranteed by the personal guarantee of a non-controlling shareholder.

(c) The secured other loans are bearing interest at fixed rates ranging from 3% to 5% per annum. These loans are secured by personal assets of a non-controlling shareholder.

(d) The unsecured other loan is bearing interest at a fixed rate of 16% per annum.

(e) The Group has overdue bank loans of HK$14,976,000 as at 31 July 2009. These overdue bank loans are secured by certain machineries and originally due for repayment from April 2008 to August 2009 and, technically these bank loans are repayable immediately. However, management has been in the process of negotiations with the banks for restructuring of the loans. At the date of this report, the banks have not taken any actions for repayment or enforcement of the assets pledged for the loans.

33. TRADE AND OTHER PAYABLES

		The Group				The Company			
		As at 31 March			As at 31 July	As at 31 March			As at 31 July
		2007	2008	2009	2009	2007	2008	2009	2009
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	*(a)*	35,553	18,699	17,807	17,165	–	–	–	–
Retention payables	*(b)*	–	3,295	3,575	4,591	–	–	–	–
Other payables and accruals		35,001	9,739	3,774	28,464	255	5,119	1,230	424
Gross amount due to customers for contract work	29	4,488	6,408	–	–	–	–	–	–
Amounts due to non-controlling shareholders	*(c)*	7,207	8,540	1,248	992	–	50	–	–
Compensation payable	*(d)*	3,680	–	–	–	–	–	–	–
Accrual for long service payment	*(e)*	1,695	–	–	–	–	–	–	–
Mould deposits received		1,312	–	–	–	–	–	–	–
Other loan	*(f)*	1,100	–	–	–	–	–	–	–
Cash consideration payable for acquisition of biological assets	*(g)*	–	–	–	58,882	–	–	–	–
Cash consideration payable for purchase of property, plant and equipment	*(h)*	–	–	–	5,164	–	–	–	–
Financial liabilities measured at amortised costs		90,036	46,681	26,404	115,258	255	5,169	1,230	424

(a) An aged analysis of the Group's trade payables as at the reporting dates, based on invoiced date, is as follows:

	The Group			
	As at 31 March			At 31 July
	2007	2008	2009	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 to 30 days	6,311	18,159	16,201	10,924
31 to 60 days	3,095	5	–	2,737
61 to 90 days	5,457	3	–	2,106
Over 90 days	20,690	532	1,606	1,398
	35,553	18,699	17,807	17,165

(b) Retention payables

	The Group			
	As at 31 March			At 31 July
	2007	2008	2009	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Due within one year	–	–	683	3,276
Due more than one year	–	3,295	2,892	1,315
	–	3,295	3,575	4,591

(c) The amounts are unsecured, interest free and have no fixed terms of repayment.

(d) A deposit of Euro 123,000 (equivalent to HK$1,266,000) was pledged to a bank as security for the Group's compensation in connection with the goods return incurred during the year ended 31 March 2007. The deposit was released upon the settlement of compensation during the year ended 31 March 2008.

(e) The amount represented the accrual for long service payment for Antec Group and AECL Group as at 31 March 2007. The amount was paid during the year ended 31 March 2008.

(f) The loan was advanced from Tenham Investment Limited, an independent third party, is unsecured, bearing interest at rate of 9.00% per annum and has no fixed terms of repayment. The loan has been settled on 12 October 2007.

(g) Cash consideration payable for acquisition of biological assets

	The Group			
		As at 31 March		As at 31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount due within one year included in current liabilities	–	–	–	58,882
Amount due more than one year included in non-current liabilities	–	–	–	8,412
	–	–	–	67,294

(h) Cash consideration payable for purchase of property, plant and equipment. The amount is secured by motor vehicles with carrying amount of HK$3,149,000.

34. CONSIDERATION PAYABLE

			As at 31 March		As at 31 July
		2007	**2008**	**2009**	**2009**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current portion					
– Payable in cash	*(a)*	–	–	–	35,000
Non-current portion					
– Payable by issuance of second tranche convertible preference shares	*(b)*	–	–	–	93,933
		–	–	–	128,933

(a) According to the sale and purchase agreement for acquisition of Amplewell, the Group shall pay HK$25,000,000 in cash to Winner Global or its nominees at the completion of acquisition of Amplewell and HK$30,000,000 within two months from the completion of the acquisition. The Company noticed that Amplewell has outstanding liabilities of HK$4,886,000. Therefore, the Group has withheld HK$5,000,000 and made payment of HK$20,000,000 to Winner Global. The Group will use the amount withheld to pay off the outstanding liabilities.

(b) According to the same sale and purchase agreement, a maximum number of 1,402,000,000 second tranche convertible preference shares ("STCPS") in the aggregate principal amount of HK$77,110,000 at an issue price of HK$0.055 per share will be issued to Winner Global by the Company (note 45(a)). The fair value of the STCPS to be issued was HK$93,933,000 at 31 July 2009. The fair value of STCPS was determined by GCA. GCA have considered the non-voting rights of the convertible preference shares and applied a discount rate of 6.5% on lack of voting right in valuing the fair value of the STCPS.

35. FINANCE LEASE PAYABLES

The Group and the Company leases certain of its engineering equipment and motor vehicles. These leases are classified as finance leases and have remaining lease terms from one to three years. The Group has options to purchase the engineering equipment and motor vehicles for a nominal amount at the conclusions of the lease agreements. The Group's obligations under finance leases are secured by the lessors' title to the leased assets. No arrangements have been entered into for contingent rental payments. The total future minimum lease payments under finance leases and their present values were as follows:

The Group

	As at 31 March									As at 31 July		
	2007			2008			2009			2009		
	Present value of the minimum lease payments	Interest expense relating to future periods	Total minimum lease payments	Present value of the minimum lease payments	Interest expense relating to future periods	Total minimum lease payments	Present value of the minimum lease payments	Interest expense relating to future periods	Total minimum lease payments	Present value of the minimum lease payments	Interest expense relating to future periods	Total minimum lease payments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Not later than one year	1,657	103	1,760	58	13	71	–	–	–	7,640	1,632	9,272
Later than one year but not later than five years	833	28	861	–	–	–	–	–	–	1,773	70	1,843
	2,490	131	2,621	58	13	71	–	–	–	9,413	1,702	11,115

The Company

	As at 31 March									As at 31 July		
	2007			2008			2009			2009		
	Present value of the minimum lease payments	Interest expense relating to future periods	Total minimum lease payments	Present value of the minimum lease payments	Interest expense relating to future periods	Total minimum lease payments	Present value of the minimum lease payments	Interest expense relating to future periods	Total minimum lease payments	Present value of the minimum lease payments	Interest expense relating to future periods	Total minimum lease payments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Not later than one year	70	16	86	58	13	71	–	–	–	–	–	–
Later than one year but not later than five years	64	14	78	–	–	–	–	–	–	–	–	–
	134	30	164	58	13	71	–	–	–	–	–	–

The fair value of the finance lease payables is approximately equal to their carrying amount. Interest rates are fixed at 3.9% to 7.5%, 7.5% and 14% per annum as at 31 March 2007, 2008 and 31 July 2009 respectively.

36. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movement during the Relevant Periods were as follows:

	Fair value adjustments on properties under development for sale *HK$'000*	Revaluation on buildings *HK$'000*	Fair value adjustments on property, plant and equipment, biological assets and intangible assets *HK$'000*	Total *HK$'000*
At 1 April 2006	–	5,529	–	5,529
Deferred tax charged to reserves	–	1,892	–	1,892
Acquisition of subsidiaries *(note 45(c))*	10,814	–	–	10,814
At 31 March 2007	10,814	7,421	–	18,235
At 1 April 2007	10,814	7,421	–	18,235
Deferred tax charged to reserves	–	1,344	–	1,344
At 31 March 2008	10,814	8,765	–	19,579
At 1 April 2008	10,814	8,765	–	19,579
Disposal of subsidiaries	–	(8,765)	–	(8,765)
Credited to consolidated income statement	(3,522)	–	–	(3,522)
Tax effect on change in tax rate	(2,622)	–	–	(2,622)
Exchange alignment	80	–	–	80
Classified as held for sale *(note 31)*	(4,750)	–	–	(4,750)
At 31 March 2009	–	–	–	–
At 1 April 2009	–	–	–	–
Acquisition of subsidiaries	–	–	374,972	374,972
At 31 July 2009	–	–	374,972	374,972

At 31 March 2007, 2008 and 2009 and 31 July 2009, the Group has tax losses of HK$154,791,000, HK$43,534,000, HK$48,841,000 and HK$50,261,000 arising in Hong Kong that are available for offsetting against future taxable profits that may be carried forward indefinitely. Deferred tax assets have not been recognised as it is not probable that future taxable profits against which the losses can be utilised will be available for the companies in which losses arose.

37. AMOUNTS DUE TO SHAREHOLDERS/RELATED COMPANIES

The amounts are unsecured, bearing interest at 5% per annum. The shareholders and related companies have agreed not to demand repayment within twelve months.

38. CONVERTIBLE NOTE

The Group and the Company

On 6 March 2008, the Company issued convertible note in an aggregate principal amount of HK$1,092,000,000 at 1.5% interest per annum payable annually in arrear. Subject to certain adjustments, the convertible note will be convertible into the shares of the Company at an initial conversion price of HK$0.52 per share. The Company will redeem the convertible note on the maturity date (i.e. 5 March 2013) at 100% of its outstanding principal amount together with the accrued interest.

Conversion may occur at any time between 6 March 2008 and 5 March 2013. However, the holder of the convertible note shall not exercise the conversion rights to such an extent that results or will result in (a) the holder and any person acting in concert with it holding or having more than 29% of the then issued ordinary share capital of the Company or otherwise being obliged to make a general offer for the ordinary share capital of the Company in accordance with the Hong Kong Code on Takeovers and Mergers or (b) the Company in breach of any provision of the Listing Rules including the minimum 25% public float requirement.

The convertible note may be assigned or transferred (in integral multiple of HK$500,000) to any third party (whether such party is a connected person of the Company or not) subject to the Listing Rules and the applicable law. The Company undertakes to notify the Stock Exchange upon becoming aware of any dealings in the convertible note by any connected persons of the Company as defined in the Listing Rules.

The convertible note contain two components, the liability and the equity components. The equity component is presented in equity as an "Equity component reserve". The effective interest rate of the liability component is approximately 6.75% per annum.

The movement of the liability component of the convertible note for the year was set out below:

	As at 31 March			As at 31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Proceeds from issuance of the convertible note	–	1,092,000	–	–
Equity component *(note 43)*	–	(236,787)	–	–
Liability component at date of issue/beginning	–	855,213	855,213	–
Interest charged	–	1,167	45,963	–
Interest payable	–	(1,167)	–	–
Reclassification of interest payable from accruals	–	–	1,167	–
Interest waived	–	–	(47,130)	–
Cancellation of convertible note	–	–	(650,382)	–
Difference between the fair value and carrying amount on Ling Kit Disposal credited to income statement	–	–	(204,831)	–
Carrying amount at end of year/period	–	855,213	–	–

As stated in note 15(b), on 15 August 2008, Pure Hope Development Limited, the holder of the convertible note and the Company had agreed to cancel the convertible note to satisfy part of the consideration for the Ling Kit Disposal. The fair value of the liability component of the convertible note at the date of completion of the Ling Kit Disposal was HK$650,382,000, which had been based upon to calculate the loss on the Ling Kit Disposal as disclosed in note 46(a). The difference between the carrying amount and the fair value of the liability component of the convertible note of HK$204,831,000 has been credited to the income statement upon cancellation of the convertible note.

39. PROMISSORY NOTE

The Group and the Company

	Year ended 31 March			Four months ended 31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of the year/ period	–	–	320,000	–
Promissory note issued	–	320,000	–	191,911
Accrued interests	–	684	16,951	–
Interest payable	–	–	–	–
Reclassification of interest payable from accruals	–	(684)	684	–
Interest waived	–	–	(17,635)	–
Cancellation of promissory note	–	–	(231,910)	–
Difference between the fair value and carrying amount on Ling Kit Disposal credited to income statement	–	–	(88,090)	–
At end of the year/period	–	320,000	–	191,911

(a) On 31 July 2009, the Company issued promissory note in an aggregate principal amount of HK$232,000,000. The promissory note bear interest at 2% per annum on par value. The promissory note may be assigned or transferred (in integral multiple of HK$1,000,000) to any third party (other than a connected person as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) subject to the Listing Rules and the applicable laws. The Company may repay all or part of the principle amount and interest at any time prior to the maturity date (i.e. 31 January 2011) by giving the holder not less than seven days' prior written notice specifying the amount and date of repayment provided that the amount shall be at least HK$1,000,000. Otherwise, the payment of principal and interest payment of promissory note shall be made in full upon the maturity date.

The fair value of the promissory note at the date of issuance was HK$191,911,000, which was determined by GCA. Valuations were made on the basis of effective interest method which is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate used in the calculation of the fair value is 15.74%.

On 23 September 2009, the Company had made early redemption of promissory note with carrying value of HK$84,531,000 at par value of HK$100,000,000 to a substantial shareholder, being the holder of the promissory note. On 2 November 2009, the Company has early redeemed promissory note with carrying value of HK$90,188,000 at par value for HK$105,000,000.

(b) On 6 March 2008, the Company issued promissory note in an aggregate principal amount of HK$320,000,000. Interest shall accrue on the principle amount of the promissory note at 3% per annum and payable annually in arrear. The promissory note may be assigned or transferred (in integral multiple of HK$500,000) to any third party (whether such party is a connected person to the Company or not) subject to the Listing Rules and the applicable laws. The Company may repay all or part of the principle amount at any time prior to the maturity date (i.e. 5 March 2012) by giving the holder not less than seven days' prior written notice specifying the amount and date of repayment provided that the amount shall be at least HK$500,000. Otherwise, the payment of principal and last interest payment of promissory note shall be made in full upon the maturity date.

On 15 August 2008, Pure Hope Development Limited, the holder of the promissory note and the Company had agreed to cancel the promissory note to satisfy part of the consideration for the Ling Kit Disposal. The fair value of the promissory note at the date of completion of the Ling Kit Disposal was HK$231,910,000, which had been used to calculate the loss on the Ling Kit Disposal as disclosed in note 46(a). The difference between the carrying amount and the fair value of the promissory note of HK$88,090,000 has been credited to the income statement upon cancellation of the promissory note.

40. SHARE CAPITAL

The Group and the Company

	Note	Number of ordinary shares of HK$0.01 per share '000	Number of ordinary shares of HK$0.1 per share '000	HK$'000	Number of convertible preference shares of HK$0.01 per share '000	HK$'000	Total HK$'000
Authorised:							
At 1 April 2006, 31 March 2007 and 1 April 2007		3,000,000	–	300,000	–	–	300,000
Increase in authorised share capital	*(a)*	7,000,000	–	700,000	–	–	700,000
At 31 March 2008 and 1 April 2008		10,000,000	–	1,000,000	–	–	1,000,000
Share subdivision	*(b)*	(10,000,000)	100,000,000	–	–	–	–
Cancellation of shares	*(b)*	–	(90,000,000)	(900,000)	–	–	(900,000)
At 31 March 2009 and 1 April 2009		–	10,000,000	100,000	–	–	100,000
Increase in authorised share capital	*(c)*	–	35,000,000	350,000	27,534,000	275,340	625,340
At 31 July 2009		–	45,000,000	450,000	27,534,000	275,340	725,340
Issued and fully paid:							
At 1 April 2006		768,642	–	76,864	–	–	76,864
Issue of shares by rights issue	*(d)*	768,642	–	76,864	–	–	76,864
Issue of shares upon exercise of bonus warrants	*(e)*	7,641	–	764	–	–	764
At 31 March 2007 and 1 April 2007		1,544,925	–	154,492	–	–	154,492
Issue of shares upon exercise of bonus warrants	*(e)*	246,934	–	24,693	–	–	24,693
Issue of shares upon placement and subscription	*(f)*	307,000	–	30,700	–	–	30,700
Consideration shares issued for the acquisition of subsidiaries	*(g)*	800,000	–	80,000	–	–	80,000
At 31 March 2008 and 1 April 2008		2,898,859	–	289,885	–	–	289,885
Issue of shares upon exercise of bonus warrants before share sub-division	*(e)*	52,217	–	5,222	–	–	5,222
Capital reduction	*(b)*	(2,951,076)	2,951,076	(265,596)	–	–	(265,596)
Repurchase of shares	*(h)*	–	(800,000)	(8,000)	–	–	(8,000)
At 31 March 2009 and 1 April 2009		–	2,151,076	21,511	–	–	21,511
Placing of new shares	*(i)*	–	3,523,280	35,233	–	–	35,233
Consideration shares issued for the acquisition of subsidiaries	*(j)*	–	785,000	7,850	24,908,468	249,085	256,935
At 31 July 2009		–	6,459,356	64,594	24,908,468	249,085	313,679

Note:

(a) The Company's authorised share capital was increased from HK$300,000,000 to HK$1,000,000,000 divided into 10,000,000,000 shares, by the creation of additional 7,000,000,000 ordinary shares of HK$0.10 each, ranking pari passu with the existing ordinary shares of the Company in all respects. The increase in authorised share capital of the Company was duly passed by the shareholders at the special general meeting held on 29 February 2008.

(b) Pursuant to a special general meeting held on 19 December 2008, (i) the par value of the each existing share was reduced from HK$0.10 to HK$0.01 by the cancellation of HK$0.09 of the paid-up capital on each share; (ii) each of the authorised but unissued shares in the share capital of the Company of par value HK$0.10 shall be sub-divided in 10 new shares of par value HK$0.01 each and (iii) 90,000,000,000 shares of HK$0.01 each in the authorised but unissued share capital of the Company was cancelled.

(c) The Company's authorized share capital was increased from HK$100,000,000 to HK$725,340,000 by the creation of additional 35,000,000,000 ordinary shares of HK$0.01 each and 27,534,000,000 convertible preference shares of HK$0.01 each. The increase in authorised share capital of the Company was duly passed by the shareholders at the special general meeting held on 13 July 2009. The ordinary shares ranking pari passu with the existing ordinary shares of the Company in all respects. The convertible preference shares ("Convertible Preference Shares") carry no voting rights with a par value of HK$0.01 each which can be converted into ordinary shares without maturity date. The conversion price is at HK$0.055 per ordinary share. The Convertible Preference Shares shall at all times rank equally among themselves and pari passu with all other shares of the Company in issue with respect of the right to any dividends of distributions declared.

The following are the other major terms of the Convertible Preference Shares:

In the event of liquidation of dissolution or winding up, or merger, or reorganisation that will result in any distribution of assets of the Company to the existing shareholders of the Company, the holders of the Convertible Preference Shares will receive an amount equal to 100% of the face value of the Convertible Preference Shares. In addition, the ranking of the Convertible Preference Shares is higher than ordinary shares, but lower than creditor in the case of liquidation.

The holder of each Convertible Preference Shares shall not have any voting rights. The Convertible Preference Shares shall be non-redeemable and will not be listed on any stock exchange.

During the year ended 31 March 2009, the Group acquired Amplewell Group pursuant to the agreement dated 28 February 2009 (the "Agreement") entered into between Great Path Limited, a wholly owned subsidiary of the Company and Winner Global. According to the Agreement, each Convertible Preference Share shall be convertible at the option of the holders at any time after issue, provided that (i) any conversion of the Convertible Preference Shares shall not result in the aggregate voting rights in the Company held by the relevant holder of the Convertible Preference Shares who exercises the conversion rights and parties acting in concert with it exceeding 29.9%, or such other percentage as may then be the maximum percentage (to one decimal place) of issued Shares it could then acquire without being required to make a mandatory general offer for the Shares under the Takeovers Code or (ii) any conversion of the Convertible Preference Shares shall not result in the public float of the Shares falling below the minimum requirements of the Listing Rules.

(d) On 30 June 2006, rights issue of one rights share for every existing share was made, at an issue price of HK$0.10 per rights share resulting in the issue of 768,642,000 shares of HK$0.1 each for a total cash consideration of HK$76,864,000.

Up to 27 June 2006, the Company had received 22 valid acceptances for a total of 598,828,191 rights shares provisionally allotted under the rights issue and 26 valid applications for a total of 37,747,000 excess rights shares, resulting in a total valid applications for 636,575,000 right shares, representing applications for 82.8% of the total number of rights shares available under the rights issue. The underwriter has procured the subscription of the remaining 132,067,000 rights shares.

(e) The Company issued 307,456,696 bonus warrants to those persons who have validly accepted and paid for the rights shares as mentioned in note (d) above ("Bonus Warrant"). The Bonus Warrant has been expired on 4 July 2008. Warrant-holders had exercised the Bonus Warrant to subscribe for approximately 7,641,000 ordinary shares, 246,934,000 ordinary shares and 52,217,000 ordinary shares in the Company in the year ended 31 March 2007, 2008 and 2009 respectively, at an exercise price of HK$0.10 each. The last day of subscription of the Bonus Warrant was 4 July 2008.

(f) On 22 June 2007, the Company, Mr. Cheng, a former director and a former substantial shareholder of the Company, and Taiwan Securities (Hong Kong) Limited ("Placing Agent") entered into an agreement pursuant to which the Placing Agent has agreed to procure, on a best-effort basis, purchasers to purchase up to 307,000,000 existing shares, at the placing price of HK$0.50 per share owned by Mr. Cheng.

Pursuant to the agreement, Mr. Cheng has conditionally agreed to subscribe up to 307,000,000 new shares at the placing price of HK$0.50 per share.

On 26 June 2007, the Placing Agent has successfully placed 307,000,000 existing shares at the placing price of HK$0.50 per share to independent third parties. In addition, the subscription of new shares by Mr. Cheng was completed on 6 July 2007. The net proceeds from top-up subscription were HK$147,500,000.

(g) On 6 March 2008, the Company issued 800,000,000 ordinary shares of HK$0.10 each at the issue price of HK$0.265 per share (the published price on the completion date) as part of the consideration for the acquisition of subsidiaries (see note 45(b)(i)).

(h) As mentioned in note 46(a), as part of the consideration for disposal of the discontinued mining operation, the Company repurchased its own shares of 800,000,000 shares from off the market at a price of HK$0.265 per share for a total consideration of HK$212,000,000 during the year ended 31 March 2009. The shares were cancelled upon repurchase and accordingly the issued capital of the Company was reduced by the nominal value of these shares. The published price at the date of repurchase was HK$0.054 per share. The premium of HK$35,200,000 arising from the repurchase of shares was charged against share premium. An amount of HK$8,000,000 equivalent to the nominal value of the shares cancelled was transferred from the accumulated losses to the capital redemption reserve.

(i) On 1 June 2009, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best efforts basis, a maximum of 5,636,360,000 placing shares to not less than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons at a price of HK$0.055 per placing share.

The Company has completed the placing of 3,523,280,000 shares on 30 July 2009. The net proceeds raised from the placing is approximately HK$187.8 million.

(j) On 31 July 2009, the Company allotted and issued 785,000,000 consideration shares at HK$0.055 per share as part of the consideration for the acquisition of Amplewell (note 45(a)). The fair value of HK$59,660,000 of the 785,000,000 ordinary consideration shares issued is based on the published price of the share of the Company at 31 July 2009 of HK$0.076 per share.

On the same date, the Company allotted and issued 24,908,468,233 first tranche convertible preference shares ("FTCPS") at an issue price of HK$0.055 per share as part of the consideration for the acquisition of Amplewell (note 45(a)). The fair value of the FTCPS was approximately HK$1,778,074,000 at 31 July 2009.

41. WARRANTS

	Year ended 31 March						Four months ended	
	2007		2008		2009		31 July 2009	
	No. of warrants	Amount *HK$'000*	No. of warrants	Amount *HK$'000*	No. of warrants	Amount *HK$'000*	No. of warrants	Amount *HK$'000*
At beginning of the year/period	307,391,896	30,739	299,815,096	29,982	52,880,692	5,289	–	–
Exercised during the year/period	(7,576,800)	(757)	(246,934,404)	(24,693)	(52,217,440)	(5,222)	–	–
Expired during the year/period	–	–	–	–	(663,252)	(67)	–	–
At end of the year/period	299,815,096	29,982	52,880,692	5,289	–	–	–	–

On 3 May 2006, the board of directors proposed a rights issue of 768,641,743 rights shares at HK$0.1 per rights share on the basis of one rights share for every existing share and the issue of two bonus warrants for every five rights shares. The condition of the issue of the bonus warrants were fulfilled and 307,456,696 bonus warrants were issued on 5 July 2006.

The warrant holders were entitled to subscribe in cash for one fully paid share of HK$0.1 per share at an initial subscription price of HK$0.1 per share (subject to adjustment) upon exercise of one bonus warrant. The bonus warrants could be exercisable at any time from the date on which bonus warrants are issued and listed on the Stock Exchange up to and including the day before the second anniversary of the issue date of the bonus warrants.

During the year ended 31 March 2009, 52,217,000 (2008: 246,934,000) bonus warrants were exercised at an initial subscription price of HK$0.1 per share.

42. SHARE OPTION SCHEME

The Company operated a share option scheme (the "Scheme") during the Relevant Periods and the principal terms of the Scheme are as follows:

(i) Purpose

The purpose of the Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operation.

(ii) Eligible participants

Eligible participants of the share option scheme include the Company's directors and other employees of the Group.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5,000,000 within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

(iii) Maximum number of shares

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue. As the Scheme has been terminated on 27 November 2009, there was no share available for issue under the Scheme as at the date of this report.

(iv) Maximum entitlement of each eligible participant

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time.

(v) Option period

The Scheme became effective on 9 July 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

(vi) Acceptance of offer

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

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

(vii) Exercise price

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

(viii) The remaining life of the Scheme

The directors shall be entitled at any time within 10 years commencing on 9 July 2002 to offer the grant of an option to any eligible participants.

No share option has been granted since the Scheme became effective on 9 July 2002.

43. RESERVES

(a) The Group

	Note	Share premium HK$'000	Contributed surplus HK$'000	Distributable reserve HK$'000	Capital redemption reserve HK$'000	Property revaluation reserve HK$'000	Fair value reserve HK$'000	Equity component reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2006		–	2,789	4,995	–	16,090	–	–	(50)	7,145	30,969
Loss for the year		–	–	–	–	–	–	–	–	(55,027)	(55,027)
Exchange differences on translation of overseas financial statements of subsidiaries		–	–	–	–	–	–	–	615	–	615
Disposal of a subsidiary		–	–	–	–	–	–	–	–	–	–
Surplus on revaluation		–	–	–	–	9,105	–	–	–	–	9,105
Rights issue expense		–	–	(2,779)	–	–	–	–	–	–	(2,779)
Fair value adjustment		–	–	–	–	–	8,783	–	–	–	8,783
Deferred tax charged in the revaluation reserve	36	–	–	–	–	(1,892)	–	–	–	–	(1,892)
Property revaluation reserve		–	–	–	–	(27)	–	–	–	–	(27)
Revaluation reserve released on disposal		–	–	–	–	(709)	–	–	–	709	–
At 31 March 2007		–	2,789	2,216	–	22,567	8,783	–	565	(47,173)	(10,253)
At 1 April 2007		–	2,789	2,216	–	22,567	8,783	–	565	(47,173)	(10,253)
Loss for the year		–	–	–	–	–	–	–	–	(112,892)	(112,892)
Exchange differences on translation of overseas financial statements of subsidiaries		–	–	–	–	–	–	–	2,200	–	2,200
Shares issued under placement and subscription		122,800	–	–	–	–	–	–	–	–	122,800
Expenses incurred in connection with issue of shares		(5,972)	–	–	–	–	–	–	–	–	(5,972)
Revaluation reserve released on disposal		–	–	–	–	(2,437)	–	–	–	2,437	–
Acquisition of a subsidiaries		–	–	–	–	–	–	–	–	–	–
Consideration shares issued		132,000	–	–	–	–	–	–	–	–	132,000
Surplus on revaluation		–	–	–	–	4,976	–	–	–	–	4,976
Deferred tax charged in the revaluation reserve	36	–	–	–	–	(1,344)	–	–	–	–	(1,344)
Issuance of convertible note	38	–	–	–	–	–	–	236,787	–	–	236,787
At 31 March 2008		248,828	2,789	2,216	–	23,762	8,783	236,787	2,765	(157,628)	368,302

	Share premium	Contributed surplus	Distributable reserve	Capital redemption reserve	Property revaluation reserve	Fair value reserve	Equity component reserve	Exchange fluctuation reserve	Retained profits/ (accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2008	248,828	2,789	2,216	–	23,762	8,783	236,787	2,765	(157,628)	368,302
Loss for the year	–	–	–	–	–	–	–	–	(12,707)	(12,707)
Exchange differences on translation of overseas financial statements of subsidiaries	–	–	–	–	–	–	–	307	–	307
Surplus on revaluation	–	–	–	–	37	–	–	–	–	37
Premium on repurchase of shares	(35,200)	–	–	–	–	–	–	–	–	(35,200)
Capital reduction	–	82,264	–	–	–	–	–	–	183,332	265,596
Cancellation of convertible note	–	–	–	–	–	–	(441,618)	–	–	(441,618)
Capital redemption reserve arising from repurchase of shares	–	–	–	8,000	–	–	–	–	(8,000)	–
Transfer	–	–	–	–	–	–	204,831	–	(204,831)	–
Disposal of subsidiaries	–	–	–	–	(23,699)	–	–	–	23,699	–
At 31 March 2009	213,628	85,053	2,216	8,000	100	8,783	–	3,072	(176,135)	144,717
At 1 April 2009	213,628	85,053	2,216	8,000	100	8,783	–	3,072	(176,135)	144,717
Loss for the year	–	–	–	–	–	–	–	–	(12,797)	(12,797)
Exchange differences on translation of overseas financial statements of subsidiaries	–	–	–	–	–	–	–	700	–	700
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–
Shares issued through placing	158,548	–	–	–	–	–	–	–	–	158,548
Expense incurred in connection with issue of shares	(5,963)	–	–	–	–	–	–	–	–	(5,963)
Consideration shares issued	51,810	–	–	–	–	–	–	–	–	51,810
Issuance of convertible preference shares	1,528,989	–	–	–	–	–	–	–	–	1,528,989
At 31 July 2009	1,947,012	85,053	2,216	8,000	100	8,783	–	3,772	(188,932)	1,866,004

(b) The Company

	Share premium HK$'000	Contributed surplus HK$'000	Distributable reserve HK$'000	Capital redemption reserve HK$'000	Equity component reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2006	–	60,733	4,995	–	–	(34,948)	30,780
Loss for the year	–	–	–	–	–	(57,460)	(57,460)
Rights issue expense	–	–	(2,779)	–	–	–	(2,779)
At 31 March 2007	–	60,733	2,216	–	–	(92,408)	(29,459)
At 1 April 2007	–	60,733	2,216	–	–	(92,408)	(29,459)
Shares issued through placing	122,800	–	–	–	–	–	122,800
Expenses incurred in connection with issue of shares	(5,972)	–	–	–	–	–	(5,972)
Consideration share issued	132,000	–	–	–	–	–	132,000
Issuance of convertible notes	–	–	–	–	236,787	–	236,787
Loss for the year	–	–	–	–	–	(90,924)	(90,924)
At 31 March 2008	248,828	60,733	2,216	–	236,787	(183,332)	365,232
At 1 April 2008	248,828	60,733	2,216	–	236,787	(183,332)	365,232
Premium on repurchase of shares	(35,200)	–	–	–	–	–	(35,200)
Capital reduction	–	82,264	–	–	–	183,332	265,596
Capital redemption reserve arising from repurchase of shares	–	–	–	8,000	–	(8,000)	–
Cancellation of convertible note	–	–	–	–	(441,618)	–	(441,618)
Transfer	–	–	–	–	204,831	(204,831)	–
Loss for the year	–	–	–	–	–	(37,075)	(37,075)
At 31 March 2009	213,628	142,997	2,216	8,000	–	(249,906)	116,935
At 1 April 2009	213,628	142,997	2,216	8,000	–	(249,906)	116,935
Shares issued through placing	158,548	–	–	–	–	–	158,548
Expenses incurred in connection with issue of shares	(5,963)	–	–	–	–	–	(5,963)
Consideration share issued	51,810	–	–	–	–	–	51,810
Issuance of convertible preference shares	1,528,989	–	–	–	–	–	1,528,989
Loss for the period	–	–	–	–	–	(1,668)	(1,668)
At 31 July 2009	1,947,012	142,997	2,216	8,000	–	(251,574)	1,848,651

(c) Nature of purposes of the reserves

(i) Share premium

The application of share premium account is governed by the Companies Act 1981 of Bermuda (as amended).

(ii) Contributed surplus

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in June 1991, over the nominal value of the Company's shares issued in exchange thereof. Under the Bermuda Companies Act 1981 (as amended), the contributed surplus is distributable to shareholders in certain circumstances.

(iii) Distributable reserve

Pursuant to a special resolution passed on 15 July 2003, the share premium account of the Company was reduced by an amount of HK$103,948,000 to HK$Nil and of which HK$98,953,000 was applied towards the elimination of the accumulated losses of the Company as at 31 March 2003, with the remaining balance of HK$4,995,000 being credited to a distributable reserve of the Company. The reduction of share premium account was effective on 6 October 2003. During the year ended 31 March 2007, the distributable reserve of HK$2,779,000 has been used to write off expenses incurred in a rights issue.

(iv) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the overseas subsidiaries. The reserve is dealt with in accordance with the accounting policy set out in note 3(v).

(v) Fair value reserve

The fair value reserve represents the difference between the fair value and carrying amount of the net assets attributable to the additional interest in a subsidiary being acquired on 20 October 2006 from a non-controlling shareholder.

(vi) Equity component reserve

The value of the unexercised equity component of convertible notes issued by the Company recognised in accordance with the accounting policy adopted for convertible notes in note 3(m).

(vii) Property revaluation reserve

The revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for land and buildings in note 3(e).

(d) Distributability of reserves

At 31 March 2007, 2008 and 2009, and 31 July 2009, the aggregate amount of reserves available for the distribution to equity shareholders of the Company calculated in accordance with the Bermuda Companies Act 1981 (as amended) was HK$Nil, HK$65,496,000, HK$Nil and HK$Nil in certain circumstances.

(e) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors, its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debt as total debt (which includes loan notes and other financial liabilities) less bank deposits and cash. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

During the Relevant Periods, the Group's strategy, was to maintain the net debt-to-adjusted capital ratio as low as feasible. In order to maintain or adjust the ratio. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The debt-to-adjusted capital ratio at the reporting dates were as follows:

	As at 31 March			As at 31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	90,036	46,681	26,404	123,670
Bank and other borrowings and bank overdrafts	26,877	39,552	16,306	37,941
Finance lease payables	2,490	58	–	9,413
Convertible note	–	855,213	–	–
Consideration payables	–	–	–	128,933
Amounts due to shareholders	–	–	–	57,185
Amounts due to related companies	–	–	–	60,167
Promissory notes	–	320,000	–	191,911
Total debt	119,403	1,261,504	42,710	609,220
Less: cash and cash equivalents	(45,245)	(119,338)	(64,438)	(252,558)
pledged bank deposits	(12,019)	(30,211)	(50,500)	(25,500)
Net debt	62,139	1,111,955	(72,228)	331,162
Total equity	158,139	1,077,604	180,342	2,192,142
Total capital	220,278	2,189,559	108,114	2,523,304
Debt-to-adjusted capital ratio	28%	51%	N/A	13%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

44. MAJOR NON-CASH TRANSACTIONS

(a) Moulds

During the year ended 31 March 2009, the Group disposed of the mining operation. Part of the consideration for the disposal comprised of repurchase of shares and cancellation of convertible and promissory note.

During the year ended 31 March 2007 and 2008, mould deposits of HK$2,372,000 and HK$4,803,000 respectively which were transferred to moulds under property, plant and equipment.

(b) Property, plant and equipment

The Group acquired property, plant and equipment which were financed by finance leases amounted to HK$2,475,000, HK$Nil, HK$Nil and HK$Nil for the years ended 31 March 2007, 2008 and 2009 and the four months ended 31 July 2009 respectively.

45. ACQUISITION OF SUBSIDIARIES

(a) Four months ended 31 July 2009

On 31 July 2009, the Group obtained control of Amplewell by acquiring the entire equity interest and voting rights in Amplewell. Amplewell is an investment holding company and its subsidiaries are engaged in sustainable management of and investments in natural forests; timber and wood processing, timber trading, sales and marketing from owned and leased natural forests in Brazil and Russia.

The Group is in the view of that timber is one of the natural resources which has a continuous global demand and believes that the global economic recession will not curb the development of the forestry business. Through the acquisition, the Group allowed to turn the timber resources from the natural forests in Brazil and Russia into a valuable and renewable source of raw material.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	*HK$'000*
Cash		70,500
Fair value of promissory notes issued	*39(a)*	191,911
Fair value of consideration shares issued	*40(j)*	59,660
Fair value of first tranche convertible preference shares issued	*40(j)*	1,778,074
Fair value of second tranche convertible preference shares to be issued*	*34*	93,933
		2,194,078

* *The number of second tranche convertible preference shares to be issued on the expiry date of the warranties from Winner Global, being the date falling on the expiry of the eighteenth month from 31 July 2009 (the "Vendor Warranty Expiry Date") shall be reduced by the compensation to be paid by Winner Global on the Vendor Warranty Expiry Date and Brazil Forest's total liabilities and the costs, fees, and expenses probably incurred related to the Brazil Forest.*

(a) Four months ended 31 July 2009 *(continued)*

Identifiable assets acquired and liabilities assumed

	Acquiree's carrying amount before combination	Fair value adjustment	Provisional fair value
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	69,938	195,306	265,244
Biological assets	904,838	–	904,838
Intangible assets	168,182	–	168,182
Deposit on purchase of properties	2,469	–	2,469
Cash and cash equivalents	5,967	–	5,967
Inventories	3,035	–	3,035
Trade and other receivables	6,628	–	6,628
Amount due from a non-controlling shareholder	69,038	–	69,038
Bank and other borrowings	(24,312)	–	(24,312)
Finance lease payables	(9,413)	–	(9,413)
Accrual and other payables	(94,692)	–	(94,692)
Amount due to immediate holding company	(5,000)	–	(5,000)
Amount due to shareholders	(57,185)	–	(57,185)
Amount due to related companies	(60,167)	–	(60,167)
Deferred tax liabilities	(308,567)	(66,404)	(374,971)
Total net identifiable assets	670,759	128,902	799,661
Non-controlling interests			(55)
Provisional goodwill			1,394,472
Total consideration			2,194,078

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

	HK$'000
Total consideration to be settled in cash	(70,500)
Consideration payable	35,000
Deposit already paid	15,500
Actual cash paid on completion	(20,000)
Cash and cash equivalents in subsidiaries acquired	5,967
Cash outflow on acquisition of subsidiaries	14,033

As at the date of this report, the Group has not finalised the fair value assessment for the acquiree's identifiable assets, liabilities and contingent liabilities as at the date of acquisition. The relevant fair value of net assets acquired stated above is on a provisional basis and may be subject to significant changes in future period when these valuations have been finalised.

Goodwill arising on acquisition

	HK$'000
Consideration transferred	2,194,078
Plus: non-controlling interests	55
Less: fair value of identifiable net assets acquired	(799,661)
Goodwill arising on acquisition	1,394,472

The goodwill is attributable to the acquired management expertise, the profitability and the synergies expected to arise from the acquired businesses. None of the goodwill recognised is expected to be deductible for income tax purposes.

The Group incurred acquisition-related costs of HK$5,922,000 relating to legal and professional fees and other charges which have been excluded from the cost of acquisition. The legal and professional fees have been recognised as expenses in the four months ended 31 July 2009, within the 'other operating expenses' line item in the consolidated statement of comprehensive income.

The consideration for the acquisition has taken into account the benefits of the expected revenue growth and future market development of Amplewell Group. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

Amplewell Group did not contribute any profit or loss to the Group for the period between the date of acquisition and the reporting date. Had the acquisition been completed on 1 April, 2009, total group revenue would have been approximately HK$4,544,000 and loss would have been approximately HK$24,953,000.

The above pro forma information on Amplewell Group's revenue and result is for illustrative purposes only and is not necessarily indication of revenue and results of operations of the Amplewell Group that actually would have been achieved had the acquisition been completed on 1 April 2009, nor is it intended to be a projection of future results.

(b) Year ended 31 March 2008

On 28 November 2007, the Company entered into a sales and purchase agreement with Pure Hope Development Limited ("Pure Hope"), an independent third party, to acquire the entire issued share capital and shareholder's loan of Ling Kit for a total consideration of HK$1,828,000,000. Ling Kit is principally engaged in investment holding of 80% equity interest in Haicheng Dongxin which is principally engaged in the mining and processing of magnesite ore.

The consideration is satisfied by the Company in the following manner:

(i) as to HK$416,000,000 by the issue and allotment of 800,000,000 new shares of HK$0.10 each in its ordinary share capital at the issue price of HK$0.52 per share. At the completion date, the fair value of the consideration share is HK$0.265 per share, being the published price of the share of the Company (note 40(g));

(ii) as to HK$320,000,000 by the issue of promissory note (note 39(b)); and

(iii) as to HK$1,092,000,000 by the issue of convertible note (note 38).

The acquisition was completed on 6 March 2008 upon the approval duly passed by the shareholders at the special general meeting held on 29 February 2008.

The net assets acquired in the transaction and the excess of the Group's share of net fair value of interest in subsidiaries acquired over the cost of acquisition was as follows:

	Acquiree's carrying amount before combination	**Fair value adjustment**	**Fair value**
	HK$'000	*HK$'000*	*HK$'000*
Intangible assets	–	2,033,130	2,033,130
Plant and equipment	714	–	714
Trade and other receivables	294	–	294
Cash and bank balances	3,147	–	3,147
Trade and other payables	(4,771)	–	(4,771)
	(616)	2,033,130	2,032,514
Non-controlling interests			(406,503)
Excess of the Group's share of net fair value of interest in subsidiaries acquired over the cost of acquisition			(2,011)
Total consideration			1,624,000
Total consideration satisfied by:			
Fair value of consideration shares at the issue price of HK$0.265 per share as at the completion date			212,000
Convertible note			1,092,000
Promissory note			320,000
			1,624,000

Analysis of the net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	HK$'000
Total consideration settled in cash	–
Cash and cash equivalents in subsidiaries acquired	3,147
Cash inflow on acquisition of subsidiaries	3,147

Ling Kit and its subsidiary contributed a loss of HK$63,000 to the Group's loss for the period between the date of acquisition and 31 March 2008.

It is not possible to estimate the amount that the above subsidiaries would have contributed to the revenue and net loss of the Group had the acquisition taken place at the beginning of the year ended 31 March 2008 as the above subsidiaries have a different year end and different accounting policies. The cost of preparing such information would be excessive.

(c) Year ended 31 March 2007

On 1 November 2006, the Group acquired the entire equity interest of BIP (HK) for cash consideration of HK$3,068,000 and the amount of goodwill arising as a result of the acquisition was HK$2,327,000. BIP (HK) was principally engaged in building materials supply and installation.

On 20 October 2006, the Group acquired 30% equity interest of Ancen Properties for cash consideration of HK$18,967,000 and the amount of goodwill arising as a result of the acquisition was HK$4,957,000. Ancen Properties and its subsidiary ("Ancen Group") were principally engaged in real estate development. The Group originally held 40% equity interest of Ancen Group and was previously accounted for as an associate.

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

	BIP (HK) Limited			Ancen Group			
	Acquiree's carrying amount before combination	Fair value adjustment	Fair value	Acquiree's carrying amount before combination	Fair value adjustment	Fair value	Total fair value
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	1,571	–	1,571	27,655	–	27,655	29,226
Inventories	–	–	19,525	32,769	52,294	52,294	
Trade and other receivables	1,192	–	1,192	2,418	–	2,418	3,610
Amount due from customers for contract work	2,280	–	2,280	–	–	–	2,280
Trade and other payables	(2,570)	–	(2,570)	(12,902)	–	(12,902)	(15,472)
Provision for taxation	(166)	–	(166)	(3,930)	–	(3,930)	(4,096)
Due to shareholders	–	–	–	(8,022)	–	(8,022)	(8,022)
Deferred tax liabilities	–	–	–	–	(10,814)	(10,814)	(10,814)
Amount due to customers for contract work	(66)	–	(66)	–	–	–	(66)
Loan from a director	(1,500)	–	(1,500)	–	–	–	(1,500)
Non-controlling interests	–	–	–	(7,423)	(6,587)	(14,010)	(14,010)
Net assets	741	–	741	17,321	15,368	32,689	33,430
Goodwill			2,327			4,957	7,284
			3,068			37,646	40,714

Analysis of the net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	HK$'000
Total consideration settled in cash	(22,035)
Cash and cash equivalents in subsidiaries acquired	29,226
Cash inflow on acquisition of subsidiaries	7,191

BIP (HK) contributed loss of HK$1,344,000 to the Group's loss for the period between the date of acquisition and the reporting date.

Ancen Group contributed loss of HK$1,575,000 to the Group's loss for the period between the date of acquisition and 31 March 2007.

Goodwill is attributable to the benefit of expected synergies, revenue growth and future market development of BIP (HK) and Ancen Group. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

If the acquisitions had been completed on 1 April 2006, total group revenue for the year would have been changed to HK$216,234,000 and loss for the year would have been changed to HK$68,513,000. The pro-forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of the Group that actually would have been achieved had the acquisition been completed on 1 April 2006, nor is it intended to be a projection of future results.

46. DISPOSAL OF SUBSIDIARIES

(a) Year ended 31 March 2009

(i) As mentioned in note 15, the Group discontinued its mining and home appliance operations at the time of disposal of its subsidiaries. The interests at the date of the disposals were as follows:

	Mining operation *HK$'000*	Home appliances operation *HK$'000*	Total *HK$'000*
Net assets disposed of			
Property, plant and equipment	666	43,800	44,466
Intangible assets	1,927,238	–	1,927,238
Prepaid lease payment	–	2,041	2,041
Cash and bank balances	75	178	253
Trade and other receivables	6,553	88	6,641
Trade and other payables	(6,738)	–	(6,738)
Amount due to the Group	(77,564)	(66,242)	(143,806)
Deferred tax liabilities	–	(8,765)	(8,765)
	1,850,230	(28,900)	1,821,330
Minority interests	(385,466)	–	(385,466)
	1,464,764	(28,900)	1,435,864
Exchange reserve	(13)	–	(13)
	1,464,751	(28,900)	1,435,851
Assignment of amounts due to the Group	77,564	66,242	143,806
	1,542,315	37,342	1,579,657
Disposal costs	3,967	–	3,967
Loss on disposal of subsidiaries *(note 15)*	(113,943)	(37,342)	(151,285)
Total consideration	1,432,339	–*	1,432,339
Satisfied by:			
Cash	464	–*	464
Fair value of convertible note	1,092,000	–	1,092,000
Fair value of promissory note	231,910	–	231,910
Fair value of shares repurchased *(note 40(h))*	43,200	–	43,200
Interest payable waived			
– convertible note	47,130	–	47,130
– promissory note	17,635	–	17,635
	1,432,339	–	1,432,339
*Consideration of the disposal was HK$1			
Net cash inflow arising on the disposals			
Cash on consideration received	464	–	464
Cash and bank balances disposed of	(75)	(178)	(253)
	389	(178)	211

Note: As part of the consideration for the disposal of mining operation, 800,000,000 ordinary shares of the Company with par value of HK$0.01 each were repurchased. The fair value of the repurchased ordinary shares of the Company, determined using the published price of HK$0.054 per share at the date of the disposal, amounted to HK$43,200,000.

(ii) On 1 December 2008, the Company entered into a sales and purchases agreement with Win Field (China) Limited, an independent third party, to dispose of the entire interest in a subsidiary, namely BIP (HK) Company Limited, BIP (HK) Company Limited was dormant during the year. The disposal was completed on 1 December 2008.

	HK$'000
Net liabilities disposed of	
Trade and other receivables	2
Trade and other payables	(784)
Amounts due to the Group	(3,145)
	(3,927)
Assignment of amounts due to the Group	3,145
	(782)
Gain on disposal of a subsidiary	782
Total consideration	–*
Satisfied by:	
Cash	–*
Net cash inflow arising on the disposal	
Cash consideration received	–*

* *Consideration of the disposal was HK$1.*

(b) Year ended 31 March 2008

The net assets/(liabilities) of Antec Group and AECL Group at 31 January 2008 being the date of disposal were as follows:

	Antec Group HK$'000	AECL Group HK$'000	Total HK$'000
Net liabilities disposal of			
Property, plant and equipment	16,290	1,667	17,957
Cash and bank balances	2,938	1,369	4,307
Inventories	17,535	–	17,535
Trade and other receivables	6,072	20,288	26,360
Bank loans and overdrafts	–	(12,751)	(12,751)
Trade and other payables	(12,550)	(16,580)	(29,130)
Amounts due to the Group	(4,529)	(167,155)	(171,684)
	25,756	(173,162)	(147,406)
Exchange reserve	–	172	172
Net assets/(liabilities) disposed of	25,756	(172,990)	(147,234)
Assignment of amounts due to the Group			171,684
Loss on disposal of subsidiaries			24,450
Total consideration*			–
Satisfied by:			
Loss on disposal *(note 15)*			24,450
Cash consideration			–*
			24,450
Net cash inflow arising from the disposal:			
Cash received			–*
Cash and bank balances disposed of			(4,307)
Bank overdrafts disposed of			8,615
			4,308

* *Total consideration of the disposal was HK$4.*

(c) Year ended 31 March 2007

In March 2007, the Group disposed of Anex Japan Corporation, a company being dormant, to an independent third party. The net assets of Anex Japan Corporation at 31 March 2007, being the date of disposal were as follows:

	HK$'000
Net assets disposal of	
Property, plant and equipment	27
Cash and bank balances	38
Other receivables	8
Due from the Group	171
Other payables	(40)
	204
Non-controlling interests	(10)
Exchange reserve	44
Net assets disposed of	238
Satisfied by:	
Loss on disposal	67
Cash consideration	–
Waiver of amount due from the Group	171
	238
Net cash outflow arising from the disposal:	
Cash received	–
Cash and bank balances disposed of	(38)
	(38)

47. COMMITMENTS

(a) Capital commitments

At the reporting date, the Group's capital commitments outstanding not provide for in the consolidated financial statements were as follows:

	As at 31 March			As at 31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted, but not provided for	1,479	6,271	1,542	1,542

(b) Operating lease commitments

The Group leases certain of its directors' quarters and office premises under operating leases. Leases for these properties are negotiated for terms ranging one to two years.

At the reporting dates, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group				The Company			
				As at				As at
	As at 31 March			31 July	As at 31 March			31 July
	2007	2008	2009	2009	2007	2008	2009	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	1,970	2,322	2,600	1,821	807	2,055	1,920	1,181
In the second to fifth years, inclusive	714	1,920	323	132	–	1,920	–	–
	2,684	4,242	2,923	1,953	807	3,975	1,920	1,181

(c) Minimum royalty payments

The total future minimum royalty payments payable under the terms of the timber concession licenses were as follows:

	The Group			
				As at
	As at 31 March			31 July
	2007	2008	2009	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	–	–	–	3,093
In the second to fifth years, inclusive	–	–	–	12,109
After five years	–	–	–	37,488
	–	–	–	52,690

The terms of the timber concession licenses ranging from 3 to 23 years.

48. CONTINGENT LIABILITIES

The Group

Financial guarantee issued

A subsidiary of the Company undertook the obligation under a buy-back undertaking entered into with a bank in relation to the mortgage loans arranged for certain purchasers of the properties sold. The outstanding mortgage loans as at 31 March 2007, 2008 and 2009 and 31 July 2009 were approximately RMB20,927,000 (equivalent to approximately HK$20,927,000) RMB17,750,000 (equivalent to approximately HK$19,703,000), RMB14,589,000 (equivalent to approximately HK$16,566,000) and RMB12,869,000 (equivalent to approximately HK$14,629,000) respectively. Pursuant to the terms of the undertaking, in the event of any default in mortgage payments by any of these purchasers, the subsidiary of the Company is responsible to repay the outstanding mortgage principal balances together with accrued interest and penalties owed by the defaulted purchasers and the subsidiary of the Company is entitled to take over the legal title and possession of the related properties. The subsidiary of the Company's guarantee period commences from the dates of the drawdown of the relevant mortgage loans and ends when the subsidiary of the Company obtains the "property title certificate" for the mortgagees.

A deposit of RMB2,953,000 (equivalent to approximately HK$2,953,000), RMB2,395,000 (equivalent to approximately HK$2,661,000), RMB2,262,000 (equivalent to approximately HK$2,569,000) and RMB2,253,000 (equivalents to approximately HK$2,562,000) was pledged to a bank as security as at 31 March 2007, 2008, 2009 and 31 July 2009 respectively for the subsidiary of the Company's obligation under the above undertaking.

No recognition was made because the fair value of the undertaking was insignificant and that the directors did not consider it probable that a claim would be made against the Company under the undertaking. The maximum liability of the Group under the undertaking was HK$20,927,000, HK$19,703,000, HK$16,566,000 and HK$14,629,000 as at 31 March 2007, 2008 and 2009 and 31 July 2009 respectively.

The Company

At the reporting dates, contingent liabilities not provided for in the financial statements were as follows:

		As at 31 March		**As at 31 July**
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Guarantees granted to subsidiaries for:				
Banking facilities	42,000	57,500	50,126	25,414
Finance lease payables	2,355	–	–	–
	44,355	57,500	50,126	25,414

(i) The Company is also one of the entities covered by a cross guarantee arrangement issued by the Company and its subsidiaries to a bank in respect of banking facilities granted to the Group which remains in force so long as the Group has drawn down under the banking facilities. Under the guarantee, the Company and all the subsidiaries that are a party to the guarantee are jointly and severally liable for all and any of the borrowings of each of them from the bank which is the beneficiary of the guarantee. The maximum liability of the Company under the corporate guarantee was the banking facilities of HK$31,677,000, HK$45,702,000, HK$28,560,000 and HK$13,630,000 as at 31 March 2007, 2008, 2009 and 31 July 2009 respectively.

No recognition was made because the fair value of the guarantee was insignificant and that the directors did not consider it probable that a claim would be made against the Company under the guarantee.

(ii) The Company provided corporate guarantees of HK$Nil, HK$4,500,000, HK$12,413,000 and HK$7,413,000 and pledged bank deposits of HK$3,000,000, HK$6,150,000, HK$12,500,000 and HK$7,500,000 to banks for the issuance of the performance bonds of HK$3,000,000, HK$6,150,000, HK$12,254,000 and HK$7,413,000 in favour of independent third parties relating to the construction contracts as at 31 March 2007, 2008, 2009 and 31 July 2009 respectively.

49. MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the year/four months ended.

(a) Key management personnel remuneration

The key management personnel of the Group are the directors of the Company. Details of the remuneration paid to them are set out in note 12 to the financial statements.

(b) Other related party transactions

		The Group				
		Year ended 31 March			Four months ended 31 July	
		2007	2008	2009	2008	2009
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Rental of directors' quarters paid to a related company	*(i)*	540	450	–	180	–
Rental of office premises paid to a related company	*(ii)*	880	880	–	292	–
Commission paid to a related company	*(iii)*	–	–	304	–	–
Service fee paid and payable to a related company	*(iv)*	–	–	560	248	–
Interest paid to a related company	*(v)*	–	–	64	–	–
Management fee paid to a non-controlling shareholder	*(vi)*	–	864	768	256	256
Service fee paid to a non-controlling shareholder	*(vii)*	–	–	978	326	187
Rental of car park paid to a related company	*(viii)*	–	15	19	15	
Motor vehicle purchased from a director	*(ix)*	342	–	–	–	–
Acquisition of a subsidiary from a director	*(x)*	3,068	–	–	–	–
Interest expense paid to a director	*(xi)*	163	–	–	–	–
Motor vehicle sold to a director	*(xii)*	–	–	29	–	–

Notes:

(i) A subsidiary of the Group has entered into a lease agreement with a related company, Mountain-Dew Limited, a company controlled by Mr. Kwok Hon Lam, a former director of the Company, to lease directors' quarters for a period of 33 months commencing on 1 March 2006 at a monthly rental of HK$45,000, HK$45,000, HK$Nil, HK$45,000 and HK$Nil for the years ended 31 March 2007, 2008, 2009 and 31 July 2008 and 2009 respectively. The lease has been terminated on 31 January 2008. No outstanding balance at the reporting dates.

(ii) A subsidiary of the Group has entered into a lease agreement with a related company, Gold Regent International Limited, a company controlled by Mr. Cheng Tun Nei ("Mr. Cheng"), a former director of the Company, to lease an office premises for a period of two years commencing on 1 March 2006 at a monthly rental of HK$73,000, HK$73,000 and HK$Nil and HK$73,000 and HK$Nil for the years ended 31 March 2007, 2008, 2009 and 31 July 2008 and 2009 respectively. No outstanding balance at the reporting dates.

(iii) A subsidiary of the Group has entered into a project management and service agreement with a related company. C&T International Limited, a company controlled by Mr. Lee Yuen Kee, a director of a subsidiary of the Group to provide the management support and project management of the trading and installation business for a period of one year commencing on 20 May 2008. The commission was calculated at 4.5% on the project sum for each project referred by C&T International Limited to the subsidiary of the Group. There was no outstanding balance at the reporting dates.

(iv) A subsidiary of the Group entered into an agreement with a related company. Ever Think Technology Development Limited, a company controlled by a non-controlling shareholder which provides administrative and accounting services to the subsidiary at monthly fee of HK$104,000 commencing on 20 May 2008. The service has been terminated on 1 November 2008 and no outstanding balance at the reporting dates.

(v) During the year ended 31 March 2009, the Group paid interest of HK$64,000 to Ever Think Technology Development Limited, a company controlled by Mr. Lee Yuen Kee, a director of a subsidiary of the Group, for an amount of HK$3,500,000 advanced to a subsidiary. There was no outstanding balance at the reporting dates.

(vi) Two subsidiaries of the Group have entered into two agreements with a non-controlling shareholder, United Marble Company Limited, who provide project management services for the building material business to two subsidiaries at an aggregated monthly management fee of HK$64,000 commencing on 1 April 2007 and HK$1,504,000 was outstanding balance at the reporting dates.

(vii) A non-controlling shareholder, United Marble Company Limited provided staff services to the subsidiary of the Company at monthly fee of HK$35,000 commencing on 1 April 2008 and no outstanding balance at the reporting dates.

(viii) The Company has entered into a lease agreement with a related company, Gold Regent International Limited, a Company controlled by Mr. Cheng Tun Nei ("Mr. Cheng), a former director of the Company, to lease a car park commencing on 1 December 2008 at a monthly rental of HK$3,850. The lease has been terminated on 31 August 2008 and no outstanding balance at the reporting dates.

(ix) The Company has entered into a transfer agreement with Mr. Cheng to transfer his motor vehicle to the Company on 1 April 2006 for a consideration of HK$342,000. The consideration was settled in cash of HK$143,000 and the transfer of the outstanding balance of a finance lease. The present value of the minimum lease payment at 31 March 2007, 2008 and 2009 is HK$134,000, HK$58,000 and HK$Nil respectively.

(x) During the year ended 31 March 2007, the Company acquired 100% equity interest in BIP (HK) for cash consideration of HK$3,068,000, in which Mr. Cheng and Mr. Cheng Tze Kit, Larry are shareholders and directors of BIP (HK). No outstanding balance at the reporting dates (note 45(c)).

(xi) The interest expense related to an advance from a director of the Company, Mr. Cheng. The interest is calculated at a rate of 1% per annum over and above the Prime Rate. The advance has been fully settled on 29 June 2006.

(xii) The Company has entered into a transfer agreement with Mr. Cheng to transfer a motor vehicle from the Company on 1 September 2008 for a consideration HK$29,000 and was settled by the transfer of the outstanding balance of a finance lease to Mr. Cheng.

C. SUBSEQUENT EVENTS

The following events took place subsequent to 31 July 2009:

(i) On 1 August 2009, Anex Properties Holdings Limited, a wholly-owned subsidiary entered into a sale and purchase agreement with Mr. Tse Chun Fai, to dispose 100% equity interest in a subsidiary, namely Joyful Rise Investments Limited and its subsidiary, 北京晉嘉宏采投資諮詢有限公司 for a consideration of HK$1.

(ii) On 22 September 2009, the Company entered into a sale and purchase agreement with Mr. Goh Ee Bin, an independent third party, to dispose of the entire equity interest in Leadprime Limited and its subsidiaries, Anex Properties Holdings Limited and Ancen Properties Limited, collectively ("Leadprime Group"). Leadprime Group was principally engaged in the real estate operations. The disposal was completed on 30 September 2009.

(iii) On 22 September 2009, the Group entered into a memorandum of intent (the "MOU") to acquire the entire equity interests in a company incorporated in Brazil, which is principally engaged in sustainable forest management, wood processing operation and distribution of timber products and holding forest area in Brazil with a total area of approximately 137,500 hectares, and factories for sawmill and fiberboard processing. The MOU is not legally binding and pursuant to its terms and the consideration of the acquisition shall be R$80,000,000 (equivalent to approximately HK$342,500,000), which shall be payable partly in cash and partly by issue of securities by the Company.

On 1 November 2009, the Group entered into a second memorandum of intent (the "Second MOU") with the original parties of the initial memorandum of intent. The Second MOU is legally binding and its principal terms and the consideration of the acquisition shall be R$80,000,000 (equivalent to approximately HK$363,844,000), which shall be payable partly in cash and partly by allotment and issue of new shares in the capital of the Company upon completion.

(iv) On 22 October 2009, the Company has successfully placed 917,640,000 existing shares held by a substantial shareholder, Winner Global at HK$0.081 per placing share to not less than six placees.

On 27 October 2009, Winner Global subscribed for 917,640,000 new shares at HK$0.081 per share for cash consideration. The net proceeds from the top-up subscription are approximately HK$72 million.

(v) On 2 November 2009, the Company has early redeemed promissory notes with carrying value of HK$90,188,000 at par value for HK$105,000,000.

(vi) A share consolidation on the basis that every 16 issued and unissued shares of HK$0.01 each in the share capital of the Company be consolidated into 3 consolidated shares of HK$0.0533 each was effective on 27 November 2009.

(vii) On 27 November 2009, the Company has terminated the existing share option scheme and adopted a new share option scheme.

(viii) Disposal of building material business

On 15 December 2009, Anex Construction and Engineering Holdings Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with United Marble Company Limited, a non-controlling shareholder of two subsidiaries, United Anex Engineering Limited and United Anex (Macau) Limited, to dispose of its entire equity interest in Anex Far East Limited and its subsidiaries (collectively "Anex Far East Group") for a consideration of HK$8,280,000. Anex Far East Group was principally engaged in the building material business.

For the purpose of presenting the financial information of the disposal business for the Relevant Periods, the combined income statement, combined statement of financial position and combined statement of cash flows of the Company's subsidiaries, which conducted the disposal business, for the Relevant Periods included in the Financial Information are set out as follows:

Combined Income Statement

	For the year ended 31 March			For the four months ended 31 July	
	2007	2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Turnover	5,556	121,592	155,884	30,568	46,793
Cost of sales	(4,724)	(108,159)	(148,759)	(28,023)	(51,468)
Gross profit/(loss)	832	13,433	7,125	2,545	(4,675)
Other revenue	–	66	279	1,249	994
Selling and distribution costs	–	(90)	–	–	–
Administrative expenses	(1,266)	(4,904)	(6,412)	(1,887)	(1,408)
Other operating expenses	–	(130)	(66)	–	–
Profit/(loss) from operations	(434)	8,375	926	1,907	(5,089)
Finance costs	(5)	(179)	(258)	(81)	(5)
Profit/(loss) before taxation	(439)	8,196	668	1,826	(5,094)
Income tax expenses	(10)	(1,870)	(726)	–	–
Profit/(loss) for the year/period	(449)	6,326	(58)	1,826	(5,094)
Attributable to:					
Equity holders of the parent	(535)	3,120	(737)	1,000	(3,446)
Non-controlling interests	86	3,206	679	826	(1,648)
	(449)	6,326	(58)	1,826	(5,094)

Combined statement of financial position

	As at 31 March			As at 31 July
	2007	**2008**	**2009**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Plant and equipment	196	127	181	179
Total non-current assets	196	127	181	179
CURRENT ASSETS				
Trade and other receivables	8,839	76,264	41,164	35,103
Due from a fellow subsidiary	37	66	–	1,337
Cash and cash equivalents	24	270	11,768	3,665
Total current assets	8,900	76,600	52,932	40,105
CURRENT LIABILITIES				
Bank loan and overdrafts	783	39,552	16,306	14,860
Trade and other payables	7,390	25,127	24,826	23,615
Provision for taxation	10	1,880	1,069	1,069
Due to a fellow subsidiary	840	700	–	–
Due to ultimate controlling parent company	508	3,577	5,079	–
Total current liabilities	9,531	70,836	47,280	39,544
NET CURRENT ASSETS/(LIABILITIES)	(631)	5,764	5,652	561
NET ASSETS/(LIABILITIES)	(435)	5,891	5,833	740
CAPITAL AND RESERVES				
Share capital*	–	–	–	–
Reserves	(535)	2,585	1,848	(1,597)
Total equity attributable to equity shareholders of the Company	(535)	2,585	1,848	(1,597)
Non-controlling interests	100	3,306	3,985	2,337
TOTAL EQUITY	(435)	5,891	5,833	740

* *Share capital amounting to HK$1*

For the purpose of presentation of the above combined statement of financial position, the balances of the issued capital and reserves represent the combined issued capital and reserves of the Company's subsidiaries which conducted the disposal business.

Combined Statement of Cash Flows

	For the year ended 31 March			For the four months ended 31 July	
	2007	2008	2009	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before taxation	(439)	8,196	668	1,826	(5,094)
Adjustments for:					
Interest income	(2)	(3)	–	–	–
Depreciation	11	35	37	10	16
Finance costs	7	182	258	81	5
Loss on disposal of property, plant and equipment	–	130	–	–	–
Operating profit/(loss) before changes in working capital	(423)	8,540	963	1,917	(5,073)
Increase/(decrease) in trade and other receivables	(8,876)	(67,454)	35,463	19,600	6,161
Increase/(decrease) in trade and other payables	9,010	46,165	(13,004)	(9,060)	(11,942)
Cash generated from/(used in) operations	(289)	(12,749)	23,422	12,457	(10,854)
Tax paid	–	–	(1,836)	–	(100)
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES	(289)	(12,749)	21,586	12,457	(10,954)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net cash inflow from acquisition of subsidiaries	14	–	–	–	–
Payment to acquire property, plant and equipment	(207)	(96)	(90)	(15)	(13)
Interest received	2	3	–	–	–
NET CASH USED IN INVESTING ACTIVITIES	(191)	(93)	(90)	(15)	(13)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid	(7)	(182)	(258)	(81)	(5)
NET CASH USED IN FINANCING ACTIVITIES	(7)	(182)	(258)	(81)	(5)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(487)	(13,024)	21,238	12,361	(10,972)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	–	(487)	(13,511)	(13,511)	7,727
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	(487)	(13,511)	7,727	(1,150)	3,245

(ix) On 31 December 2009, the Company entered into a sale and purchase agreement with Mr. Chan Tsz Kin, an independent third party, to dispose of the entire equity interest in Idealboom Group Limited and its subsidiaries, Ever Think Holdings Company Limited and Ever Think Technology Limited, (collectively "Idealboom Group") for a cash consideration of HK$4,000,000. Previously, Idealboom Group was principally engaged in the building material operations and it was dormant since the financial year ended 31 March 2009. The disposal will be completed on 28 February 2010.

(x) Pursuant to a special resolution passed by the shareholders of the Company at Company's special general meeting on 21 January 2010, the English name of the Company to be changed from "Bright Prosperous Holdings Limited" to "Sustainable Forest Holdings Limited" and to adopt the new Chinese name "永保林業控股有限公司" for identification purpose.

The effective date of changes of Company's English name and adoption of new Chinese name for identification purpose are subject to:

(a) the passing of a special resolution by Shareholders at the SGM; and

(b) the approval of the change of English name by the Registrar of Companies in Bermuda.

The changes of Company's English name will take effect from the date on which the new name of the Company is entered on the register of companies maintained by the Registrar of Companies in Bermuda. The Company will adopt a new Chinese name of "永保林業控股有限公司" for identification purpose immediately after the change of English name has become effective. The Company will further carry out the necessary filing procedures with the Registrar of Companies in Hong Kong.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company or any of its subsidiaries have been prepare in respect of any periods subsequent to 31 July 2009 and up to the date of this report.

CCIF CPA Limited
Certified Public Accountants
Hong Kong,

Alvin Yeung Sik Hung
Practising Certificate Number P05206

2. RECONCILIATION STATEMENTS

A. For the year ended 31 March 2007

Set out below is the reconciliation of the consolidated results of the Group for the year ended 31 March 2007 contained in the accountants' report to the audited financial statements of the Group for the financial year ended 31 March 2007:

	As per Annual Report		Reclassification		As per the Circular
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(note 1)	*(note 2)*	*(note 3)*	
Turnover	209,701	–	(203,010)	–	6,691
Cost of sales	(194,901)	–	189,137	53	(5,711)
Gross profit	14,800	–	(13,873)	53	980
Other revenue	5,082	(1,326)	(3,446)	(303)	7
Other net income	–	–	–	–	–
Selling and distribution costs	(15,166)	–	15,026	120	(20)
Administrative expenses	(48,279)	–	28,801	1,245	(18,233)
Other operating expenses	(3,736)	–	1,332	–	(2,404)
Loss from operations	(47,299)	(1,326)	27,840	1,115	(19,670)
Finance income	–	1,326	(452)	(100)	774
Finance costs	(2,671)	–	2,427	–	(244)
Net finance costs	(2,671)	1,326	1,975	(100)	530
Share of loss of an associate	(5,544)	–	–	5,544	–
Loss before taxation	(55,514)	–	29,815	6,559	(19,140)
Income tax	131	–	–	–	131
Loss for the year from continuing operations	(55,383)	–	29,815	6,559	(19,009)
Loss from discontinued operations	–	–	(29,815)	(6,559)	(36,374)
Loss for the year	(55,383)	–	–	–	(55,383)

Note

(1) This represents the reclassification of interest income from other revenue to net finance costs.

(2) The Group has disposed the home appliance operation after the year ended 31 March 2007, therefore, the relevant figures of the home appliance operation were reclassified to discontinued operation.

(3) The Group has disposed the real estate operation after the year ended 31 March 2009, therefore, the relevant figures of the real estate operation were reclassified to discontinued operation.

B. For the year ended 31 March 2008

Set out below is the reconciliation of the consolidated results of the Group for the year ended 31 March 2008 contained in the accountants' report to the audited financial statements of the Group for the financial year ended 31 March 2008:

	As per Annual Report	Reclassification					As per the Circular
	HK$'000	*HK$'000* *(note 1)*	*HK$'000* *(note 2)*	*HK$'000* *(note 3)*	*HK$'000* *(note 4)*	*HK$'000* *(note 5)*	*HK$'000*
Turnover	123,037	–	–	(1,445)	–	–	121,592
Cost of sales	(108,351)	–	–	646	–	–	(107,705)
Gross profit	14,686	–	–	(799)	–	–	13,887
Other revenue	15,551	(12,410)	(271)	(2,012)	(632)	–	226
Other net income	–	8,811	–	–	–	–	8,811
Selling and distribution costs	(4,182)	–	1,188	79	–	–	(2,915)
Administrative expenses	(44,590)	–	4,291	645	3,427	(2,140)	(38,367)
Other operating expenses	(19,279)	–	8,690	10,589	–	–	–
Loss from operations	(37,814)	(3,599)	13,898	8,502	2,795	(2,140)	(18,358)
Finance income	–	3,599	(118)	–	–	–	3,481
Finance costs	(2,050)	–	–	–	–	–	(2,050)
Net finance costs	(2,050)	3,599	(118)	–	–	–	1,431
Loss before taxation	(39,864)	–	13,780	8,502	2,795	(2,140)	(16,927)
Income tax	(1,881)	–	–	11	–	–	(1,870)
Loss for the year from continuing operations	(41,745)	–	13,780	8,513	2,795	(2,140)	(18,797)
Loss from discontinued operations	(72,985)	–	(13,780)	(8,513)	(2,795)	2,140	(95,933)
Loss for the year	(114,730)	–	–	–	–	–	(114,730)

Note

(1) This represents the reclassification of interest income from other revenue to net finance costs and reclassified gain on disposal of property, plant and equipment and exchange difference from other revenue to other net income.

(2) The Group has disposed the real estate operation after the year ended 31 March 2009, therefore, the relevant figures of the real estate operation were reclassified to discontinued operation.

(3) The Group has disposed the mine operation after the year ended 31 March 2008, therefore, the relevant figures of the mine operation were reclassified to discontinued operation.

(4) The Group has disposed the property holding company for home appliance business after the year ended 31 March 2008, therefore, the relevant figures of the property holding company operation were reclassified to discontinued operation.

(5) The Group has a subsidiary holding properties for home appliance business prior the year ended 31 March 2008. The subsidiary is in the Remaining group as at 31 March 2008, the relevant figures of the operation were reclassified to continued operation.

C. For the year ended 31 March 2009

Set out below is the reconciliation of the consolidated results of the Group for the year ended 31 March 2009 contained in the accountants' report to the audited financial statements of the Group for the financial year ended 31 March 2009:

	As per Annual Report	Reclassification		As per the Circular
	HK$'000	*HK$'000* *(note 1)*	*HK$'000* *(note 2)*	*HK$'000*
Turnover	167,695	–	(5,054)	162,641
Cost of sales	(157,045)	–	3,790	(153,255)
Gross profit	10,650	–	(1,264)	9,386
Other revenue	3,941	(1,158)	(1,013)	1,770
Other net income	782	–	–	782
Selling and distribution costs	(4,080)	–	3,638	(442)
Administrative expenses	(23,464)	–	2,079	(21,385)
Other operating expenses	(10,586)	–	10,356	(230)
Gain on extinguishment of convertible note	204,831	–	–	204,831
Gain on extinguishment of promissory note	88,090	–	–	88,090
Profit from operations	270,164	(1,158)	13,796	282,802
Finance income	–	1,158	(17)	1,141
Finance costs	(63,298)	–	–	(63,298)
Net finance costs	(63,298)	1,158	(17)	(62,157)
Profit before taxation	206,866	–	13,779	220,645
Income tax	6,353	–	(7,105)	(752)
Profit for the year from continuing operations	213,219	–	6,674	219,893
Loss from discontinued operations	(245,959)	–	(6,674)	(252,633)
Loss for the year	(32,740)	–	–	(32,740)

Note

(1) This represents the reclassification of interest income from other revenue to net finance costs.

(2) The Group has disposed the real estate operation after the year ended 31 March 2009, therefore, the relevant figures of the real estate operation were reclassified to discontinued operation.

3. MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP FOR EACH OF THE THREE FINANCIAL YEARS ENDED 31 MARCH 2009 AND THE FOUR MONTHS ENDED 31 JULY 2009

(i) For the year ended 31 March 2007

Financial Review

During the year under review, the Remaining Group comprised two main business segments: home appliances and real estate.

For the year ended 31 March 2007, the turnover of the Remaining Group was HK$203.0 million, representing approximately an 11.4% increase over the corresponding figure of HK$182.3 million in 2006. The increase in turnover was a result of the market promotion in the Remaining Group's home appliances business. Nevertheless, the accelerated cost of sales increased from HK$166.1 million for the year ended 31 March 2006 to HK$189.2 million for the year ended 31 March 2007 and accordingly, the gross profit margin decreased from approximately 8.9% for the year ended 31 March 2006 to approximately 6.8% for the year ended 31 March 2007. The deterioration in gross profit margin was mainly attributed to the intense competition in the home appliances business which placed strong pressure on the Remaining Group's selling prices and the increase in the price of raw materials.

Home Appliances Business

Turnover from home appliances segment for the year ended 31 March 2007 was approximately HK$203.0 million as compared to approximately HK$182.3 million for the year ended 31 March 2006, representing an increase of approximately 11.4%. Despite of the increase in sales, the segment loss after tax representing for the financial year was HK$29.8 million mainly due to significant production costs, overhead costs and administrative expenses.

Property Development Business

As the properties were still in development stage, no income was recorded in this financial year. As a result, this segment recorded a loss after tax of HK$6.6 million mainly due to administrative expenses incurred during the year.

Liquidity and Financial Resources

On 30 June 2006, the Company had successfully made a rights issue of one rights share for every existing Share together with an issue of two bonus warrants for every five rights shares, at an issue price of HK$0.10 per rights share, resulting in the issue of 768,642,000 Shares of HK$0.10 each for cash. As a result, a total of 307,457,000 warrants were issued which entitled the holders thereof to subscribe for new Shares at an initial subscription price of HK$0.10 per Share upon exercise of one warrant. The gross proceeds amounted to

HK$76,864,000 and the net proceeds from the rights issue amounted to HK$74,085,000. The rights issue enlarged the Remaining Group's capital base and strengthen its financial position.

The Remaining Group's gearing ratio expressed as a percentage of total interest-bearing borrowings of the Remaining Group over equity attributable to the Company's equity holders, dropped from 24.9% at the beginning of the year to 20.5% as at 31 March 2007. The decrease was mainly due to the enlarged Remaining Group's capital base as a result of the aforesaid rights issue. Working capital soared to HK$75.0 million mainly due to the increase of cash and bank balance from the aforesaid rights issue.

The Remaining Group had HK$29.5 million (2006: HK$26.8 million) interest-bearing borrowings consisted of HK$26.0 million (2006: HK$23.3 million) overdraft, secured trust receipt loans, factoring loans, bills discounted and packing loans; HK$2.4 million (2006: HK$2.1 million) finance lease payable and other loans of HK$1.1 million (2006: HK$1.4 million). The aforesaid loans comprised approximately 97.1% (2006: 96.5%) thereof repayable within one year and 2.9% (2006: 2.8%) thereof repayable within the second year and the nil balance (2006: 0.7%) thereof repayable in the third year. All the loans were denominated in HK$. As at 31 March 2007, the Remaining Group had total cash and bank balances (including the pledged deposits) amounting to HK$56.9 million (2006: HK$19.6 million).

Human Resources and Remuneration Policy

During the year, the Remaining Group had an average total of 1,688 (2006: 1,603) employees mostly in Hong Kong and the PRC. The total amount of remuneration paid by the Remaining Group to its employees (including Directors) for the year was HK$46.6 million (2006: HK$36.0 million).

The Remaining Group believed that the key to success lies in its staffs and recruits individuals based on their competencies, merit and development potential. It rewarded its employees according to prevailing market practices, employees' individual experience and performance and would review regularly. Apart from provident fund scheme and medical insurance coverage, the Remaining Group also awarded discretionary bonuses to its employees based on their performance evaluation and it had also maintained a staff share option scheme.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

As announced by the Company on 11 September 2006, the Company entered into a share purchase agreement with an independent third party to acquire 30% further interest in Ancen Properties Limited ("Ancen") at a total consideration of HK$18,290,000 (the "Acquisition of Ancen") on 8 September 2006. The principal business of Ancen is real estate development. On 20 October 2006, the Acquisition of Ancen was completed. The consideration was settled by cash and was financed by the net proceeds from the rights issue in June 2006.

As announced by the Company on 16 October 2006, the Company entered into a share purchase agreement with Mr. Cheng Tun Nei and Mr. Cheng Tze Kit, Larry, both are the executive Directors of the Company, to acquire the entire interest in BIP (HK) Company Limited (”BIP”) at a consideration of HK$3,068,000 (the “Acquisition of BIP”) on 13 October 2006. The principal business of BIP (HK) is construction related work and provision of project management service. The Acquisition of BIP (HK) was completed on 1 November 2006. The consideration was settled by cash and was funded by internal resources.

Future Plans for Material Investment or Capital Assets

On 14 June 2007, the Company announced that Anex Properties Holdings Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Mr. Li Jianchuan, a brother-in-law of Mr Cheng Tun Nei, on 12 June 2007 to acquire 95% interest in Dongguan Anex Property Management Limited, a company incorporated in the PRC, at a consideration of US$1.9 million (equivalent to approximately HK$14.82 million) concerning possible involvement in class 1 development of 3,300 mu of land in Beijing. Such acquisition is subject to the approval by the Company’s independent shareholders at a special general meeting to be held by the Company.

Charges on Assets and Pledged Deposits

General banking facilities granted to the Remaining Group were secured by certain properties of the Remaining Group situated in Hong Kong, which comprised leasehold land and buildings at a net book value amounting to HK$12.1 million (2006: HK$13.5 million) at end of year and time deposits of HK$10.8 million (2006: HK$7.3 million) at end of year.

Contingent Liabilities

The Remaining Group undertook the obligation under a buy-back undertaking entered with a bank of approximately RMB20,927,000 (equivalent to approximately HK$20,927,000) (2006: Nil) relating to the mortgage loans arranged for certain purchasers of the Remaining Group’s properties sold. Pursuant to the terms of the undertaking, in the event of any default in mortgage payments by any of these purchasers, the Remaining Group is responsible for the repayment of the outstanding mortgage principal balances together with accrued interest and penalties owed by the defaulted purchasers and the Remaining Group is entitled to take over the legal title and possession of the related properties. The Remaining Group’s guarantee period commenced from the dates of the drawdown of the relevant mortgage loans and ends when the Remaining Group obtains the “property title certificate” for the mortgagees.

A deposit of RMB2,953,000 (equivalent to HK$2,953,000) was pledged to the bank as security for the Remaining Group’s obligation under the above undertaking.

No recognition was made because the fair value of the undertaking was insignificant and that the Directors did not consider it probable that a claim would be made against the Remaining Group under the undertaking.

Exposure to Exchange Risk

The Remaining Group mainly operated in the PRC, the USA, Germany and Hong Kong. Most of the Remaining Group's transactions, assets and liabilities are dominated in RMB, US$, Euro and HK$.

Foreign exchange risk arose from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Remaining Group managed its foreign risks by performing regular review and monitoring of its foreign exchange exposures.

Financial Instruments for Hedging Purposes

The Remaining Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes during the year.

(ii) For the year ended 31 March 2008

Financial Review

During the year under review, the Remaining Group comprised three business segments: home appliances, real estate and magnesite mine.

For the year ended 31 March 2008, the turnover of the Remaining Group was HK$101.3 million, representing a significant decrease of approximately 50.1% over the corresponding financial year of HK$203.0 million. The cost of sales decreased from HK$189.2 million for the year ended 31 March 2007 to HK$109.9 million for the year ended 31 March 2008. Both turnover and cost of sales decreased because of disposal of home appliance business in January 2008. The gross profit margin increased from approximately 6.8% for the year ended 31 March 2007 to approximately 8.5% for the year ended 31 March 2008 due to the implementation of certain effective cost control measures during the year under review.

Home Appliances Business

Turnover and segment loss after tax from home appliances operations for the year ended 31 March 2008 was approximately HK$99.8 million and HK$73.6 million respectively as compared to approximately HK$203.0 million and HK$29.8 million respectively for the year ended 31 March 2007. Due to keen competition of home appliances manufacturing business, the substantial increases in the essential raw materials costs, the gradual raise in labour cost in the PRC and the appreciation of RMB, the operating environments became increasingly difficult and the home appliances business recorded consecutive losses in recent years. Given the continued unfavourable market conditions, the prospects of the home appliances manufacturing business remained difficult in the future. On 8 December 2007, the Company entered into a conditional agreement to dispose of its home appliances business and the disposal was completed on 31 January 2008.

Property Development Business

Due to the slowdown of the property market in the PRC, the Jia Lake Shopping Mall in Dongguan was vacant and generated no income during the year under review. Also, the final phase of Jia Lake Mountain Villa was still under development stage, the Remaining Group needs to continually finance the real estate segment. As a result, this segment recorded a net loss of HK$13.8 million (2007: HK$6.6 million) mainly due to administrative expenses incurred during the year.

Magnesite Mining Business

The Company acquired 80% indirect interest of Haicheng Dongxin Industry Limited, which was principally engaged in the mining and processing of magnesite ore at the Lishugou magnesite mine. The acquisition was completed on 6 March 2008. Since less than one month contribution was made by this segment, only HK$1.4 million of turnover and HK$8.5 million segment loss was recorded for the year ended 31 March 2008.

Liquidity and Financial Resources

For the year ended 31 March 2008, the Remaining Group had implemented a prudent financial management policy. On 6 July 2007, the Company had successfully completed the placing of 307,000,000 new Shares at the placing price of HK$0.50 per new Share. The net proceeds from the top-up subscription of HK$147.5 million have been used to finance general working capital of the Remaining Group. As at 31 March 2008, the Remaining Group had cash and bank balances (including pledged bank deposits) amounting to approximately HK$149.2 million (2007: HK$56.9 million).

On 6 March 2008, the Company issued 800,000,000 new Shares at HK$0.52 as part of the consideration to the Vendor for the acquisition of 80% indirect interest in magnesite mine. At the completion date, the fair value of the consideration Share was at HK$0.265 per share, being the market price of the Share on the same date.

The Remaining Group's gearing ratio expressed as a percentage of total interest-bearing borrowings of the Remaining Group over equity attributable to the Company's equity holders, increased from 20.5% at the beginning of the year to 178.6% as at 31 March 2008. The increase was mainly due to the issuance of convertible note and promissory note to finance the acquisition of subsidiaries for the magnesite business.

The Remaining Group had HK$1,175.3 million (2007: HK$29.5 million) interest-bearing borrowings consisted of HK$0.1 million finance lease payable, HK$855.2 million convertible note and HK$320.0 million promissory note. Except for convertible note and promissory note, the finance lease payable was repayable within one year while the convertible note and promissory note were repayable over one year. The Remaining Group's working capital was approximately HK$192.2 million (2007: HK$75.0 million).

Charges on Assets and Pledged Deposits

As at 31 March 2008, general banking facilities granted to the Remaining Group were secured by time deposits of HK$18 million.

Contingent Liabilities

As at 31 March 2008, the Remaining Group undertook the obligation under a buy-back undertaking entered with a bank of approximately RMB17,750,000 (equivalent to approximately HK$19,703,000) (2007: HK$20,927,000) relating to the mortgage loans arranged for certain purchasers of the Remaining Group's properties sold. Pursuant to the terms of the undertaking, in the event of any default in mortgage payments by any of these purchasers, the Remaining Group is responsible for the repayment of the outstanding mortgage principal balances together with accrued interest and penalties owed by the defaulted purchasers and the Remaining Group is entitled to take over the legal title and possession of the related properties. The Remaining Group's guarantee period commences from the dates of the drawdown of the relevant mortgage loans and ends when the Remaining Group obtains the "property title certificate" for the mortgagees. A deposit of RMB2,395,000 (equivalent to HK$2,661,000) was pledged to the bank as security for the Remaining Group's obligation under the above undertaking.

No recognition was made for the undertaking as the fair value was insignificant and that the Directors did not consider that a claim would probable be made against the Remaining Group under the undertaking.

Human Resources and Remuneration Policy

As at 31 March 2008, the Remaining Group had approximately 44 (2007: 1,688) employees in Hong Kong and the PRC. The total amount of remuneration paid by the Remaining Group to its employees (including Directors) for the year was HK$34.4 million (2007: HK$46.6 million).

In order to retain and attract high caliber executives and employees, the Remaining Group rewarded its employees according to prevailing market practices, employees' individual experience and performance were reviewed regularly. In addition to the provision of annual bonus, provident fund scheme and medical insurance coverage, discretionary bonuses and share option were also available to employees based on their performance.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 28 November 2007, the Company entered into the conditional acquisition agreement to acquire the entire interest in Ling Kit Holding Limited ("Ling Kit") and the shareholder's loan owned by Ling Kit to Pure Hope Development Limited ("Pure Hope") on the date of completion from Pure Hope at a total consideration of HK$1,828.0 million. Ling Kit is an investment holding company solely engaged in the holding of an 80% equity interest in Haicheng Dongxin Industry Limited, which was principally engaged in the mining and processing of magnesite ore at the Lishugou magnesite mine. The acquisition of Ling Kit was completed on 6 March 2008. The consideration was satisfied by (i) the issue of 800,000,000 consideration shares at the price of HK$0.52 per consideration share by the Company to the Pure Hope; (ii) the issue of promissory note in the amount of HK$320.0 million by the Company to the Pure Hope; and (iii) the issue of the convertible note in the amount of HK$1,092.0 million by the Company to the Pure Hope.

On 8 December 2007, the Company entered into a conditional agreement to dispose of its entire interests in Antec Appliances Limited ("Antec Appliances") and Anex Electrical Company Limited ("Anex Electrical") and the entire amounts owing by Antec Appliances and Anex Electrical and their subsidiaries to the Remaining Group on the completion date, representing the Remaining Group's entire interest in its home appliances manufacturing business, at a consideration of HK$4. The disposal was completed on 31 January 2008.

Future Plans for Material Investment or Capital Assets

As at 31 March 2008, the Remaining Group had future plans to invest up to RMB165 million for the construction of a refractory plant to better utilise of the magnesite ore. The Remaining Group will look at different funding resources for such investment.

Exposure to Exchange Risk

The Remaining Group mainly operated in Asia Pacific, including the PRC and Hong Kong.

Most of the Remaining Group's transactions, assets and liabilities are denominated in RMB and HK$.

Foreign exchange risk arose from fluctuations of exchange rates of foreign currencies. The Remaining Group managed its foreign exchange risks by performing regular review and monitoring its foreign exchange exposures.

Financial Instruments for Hedging Purposes

The Remaining Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes during the year.

(iii) For the year ended 31 March 2009

Financial Review

During the year under review, the Remaining Group had two business segments: property development and magnesite mining.

Property Development Business

During the year under review, turnover of HK$5.1 million was recorded for the property development segment, which was generated from the disposal of 38 street-front shops in Jia Lake Mountain Villa to a minority shareholder of the subsidiary. The Remaining Group had 11 street-front shops in Jia Lake Mountain Villa, the Jia Lake Shopping Mall and a parcel of land located in Dongguan. Due to the slowdown of the property market in the PRC, the Jia Lake Shopping Mall remained vacant during the year. As a result, this segment recorded a net loss after tax of HK$6.7 million (2007: HK$13.8 million) mainly due to the administrative expenses incurred during the year and the impairment losses of HK$10.4 million provided for the Remaining Group's properties. As a result of impairment loss for the properties, a HK$7.1 million of tax credit was utilized.

Magnesite Mining Business

The turnover and segment loss after tax for the year ended 31 March 2009 was approximately HK$10.4 million and HK$208.6 million respectively. The significant loss was mainly attributed to the loss on disposal of discontinued operations amounted to HK$113.9 million and the amortization costs of HK$95.3 million provided for intangible assets.

Liquidity and Financial Resources

For the year ended 31 March 2009, the Remaining Group had implemented a prudent financial management policy.

As at 31 March 2009, the Remaining Group had no borrowings (2008: HK$1,175.3 million) The decrease was mainly due to the cancellation of convertible note and promissory note after the disposal of the magnesite mining business in December 2008.

As at 31 March 2009, the Remaining Group's working capital was approximately HK$158.7 million (2008: HK$192.2 million).

On 1 June 2009, the Company announced the placing of 5,636,360,000 new Shares at the placing price of HK$0.055 per new Share. The placing is on a best efforts basis. The proceeds were used for general working capital. The Company had completed the placing of 3,523,280,000 Shares on 30 July 2009. The net proceeds raised from the placing were approximately HK$187,818,000.

Charges on Assets and Pledged Deposits

As at 31 March 2009, general banking facilities granted to the Remaining Group were secured by time deposits of HK$18 million.

Contingent Liabilities

The Remaining Group undertook the obligation under a buy-back undertaking entered with a bank of approximately RMB14,589,000 (equivalent to approximately HK$16,566,000) (2008: HK$19,703,000) relating to the mortgage loans arranged for certain purchasers of the Remaining Group's properties sold. Pursuant to the terms of the undertaking, in the event of any default in mortgage payments by any of these purchasers, the Remaining Group is responsible for the repayment of the outstanding mortgage principal balances together with accrued interest and penalties owed by the defaulted purchasers and the Remaining Group is entitled to take over the legal title and possession of the related properties. The Remaining Group's guarantee period commences from the dates of the drawdown of the relevant mortgage loans and ends when the Remaining Group obtains the "property title certificate" for the mortgagees.

A deposit of RMB2,262,000 (equivalent to HK$2,569,000) was pledged to the bank as security for the Remaining Group's obligation under the above undertaking.

No recognition was made for the undertaking as the fair value was insignificant and that the Directors did not consider that a claim would probably be made against the Remaining Group from the undertaking.

Human Resources and Remuneration Policy

As at 31 March 2009, the Remaining Group has approximately 20 employees (2008: 44) in Hong Kong and the PRC. The total amount of remuneration paid by the Remaining Group to its employees (including Directors) for the year was HK$6.8 million (2008: HK$34.4 million).

In order to retain and attract high caliber executives and employees, the Remaining Group adopts salary policies in line with market practice and rewards its employees according to employees' individual experience and performance and will review regularly. In addition to the provision of annual bonus, provident fund scheme and medical insurance coverage, discretionary bonuses and share option are also available to employees in accordance with individual and Remaining Group performance.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 15 August 2008, the Company entered into a conditional agreement with Pure Hope to dispose of its entire interests in Ling Kit and the entire amounts owing by Ling Kit and its subsidiaries to the Company at a consideration of HK$1,624,464,456.50, which was satisfied (i) as to HK$212,000,000 by Pure Hope transferring to the Company 800,000,000 Shares for cancellation at a price of HK$0.265 per Share; (ii) as to HK$320,000,000 by cancellation of the promissory note issued by the Company in favor of Pure Hope; (iii) as to HK$1,092,000,000 by cancellation of the convertible note issued by the Company in favor of Pure Hope; and (iv) as to HK$464,456.50 by payment in cash. The disposal was completed on 29 December 2008.

On 28 February 2009, the Remaining Group entered into a conditional acquisition agreement to purchase Amplewell Holdings Limited for a total consideration of HK$1,860,045,000 (subject to adjustment), which was satisfied as to (i) HK$15,500,000 by way of a refundable deposit in cash upon signing of the agreement; (ii) HK$25,000,000 by payment in cash to Winner Global Holdings Limited ("Winner Global") or its nominees at completion; (iii) HK$232,000,000 by procuring the issue of the promissory note by the Company to Winner Global or its nominees at completion; (iv) HK$43,175,000 by procuring the allotment and issue of the consideration shares by the Company to Winner Global or its nominees at completion; (v) HK$1,437,260,000 (subject to adjustment) by procuring the allotment and issue of a tranche of preference shares by the Company to Winner Global or its nominees at completion; (vi) HK$30,000,000 by payment in cash to Winner Global or its nominees within 2 months from the date of completion; and (vii) HK$77,110,000 (subject to adjustment) by procuring the allotment and issue of another tranche of preference shares by the Company to Winner Global or its nominees on the date of expiry of Winner Global's warranties. Please refer to the circular of the Company dated 25 June 2009 for detailed information.

Future Plans for Material Investment or Capital Assets

Following completion of the acquisition of the Forestry Business, the Remaining Group planned to invest more resources into the Forestry Business, such as purchasing of plant and machinery for processing of timber into different kinds of wood products. Such investment was funded by the Company's internal resources.

Exposure to Exchange Risk

The Remaining Group mainly operated in Asia Pacific, including the PRC and Hong Kong. Most of the Remaining Group's transactions, assets and liabilities were denominated in Renminbi and Hong Kong Dollars. Foreign exchange risk arose from fluctuations of exchange rates of foreign currencies. The Remaining Group managed its foreign risks by performing regular review and monitoring its foreign exchange exposures.

Financial Instruments for Hedging Purposes

The Remaining Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes during the year.

(iv) For the period ended 31 July 2009

Financial Review

During the period under review, the Remaining Group comprised two main business segments: forestry and real estate.

Property Development Business

During the period under review, property development segment contributed turnover of HK$0.1 million and net loss after tax of HK$1.2 million. Due to the slowdown of the property market in the PRC and continuously loss making by the segment, the Remaining Group entered into agreements to dispose the segment. The subsidiaries under the segment were disposed in August and September 2009. The Group ceased to have any property development business on 30 September 2009.

Forestry Business

The acquisition of the Forestry Business was completed on 31 July 2009. The newly acquired companies are principally engaged in the sustainable management of and investment in natural forests, processing, trading and marketing of semi-finished timber products. At present, the Remaining Group owns 44,500 hectares of natural tropical forest lands on freehold basis in northern Brazil in the Amazon region and hold more than 240,000 hectares of concession rights in Siberia, Russia. As the acquisition was completed on 31 July 2009, the loss of HK$5.9 million recorded for the four months ended 31 July 2009 related to the cost attributable for the acquisition of the forest group.

Liquidity and Financial Resources

For the period ended 31 July 2009, the Remaining Group had cash and bank balances (including pledged deposit) amounting to approximately HK$248.9 million.

The Remaining Group's gearing ratio expressed as a percentage of total interest-bearing borrowings over equity attributable to the Company's equity holders was 1.54% as at 31 July 2009.

As at 31 July 2009, the Remaining Group had HK$33.7 million interest-bearing borrowings of HK$24.3 million in bank and other borrowings and HK$9.4 million in finance lease payables, in which HK$30.7 million are repayable within one year and the remaining 3.0 million are repayable after one year. As at 31 July 2009, the Remaining Group's working capital was approximately HK$269.5 million.

Charge on Assets and Pledged Deposits

As at 31 July 2009, general banking facilities granted to the Remaining Group were secured by time deposits of HK$18 million and certain machineries of HK$2.7 million.

Contingent Liabilities

As at 31 July 2009, the Remaining Group undertook the obligation under a buy-back undertaking entered with a bank of approximately RMB12,869,000 (equivalent to approximately HK$14,629,000) relating to the mortgage loans arranged for certain purchasers of the Remaining Group's properties sold. Pursuant to the terms of the undertaking, in the event of any default in mortgage payments by any of these purchasers, the Remaining Group is responsible to repay the outstanding mortgage principal balances together with accrued interest and penalties owed by the defaulted purchasers and the Remaining Group is entitled to take over the legal title and possession of the related properties. The Remaining Group's guarantee period commences from the dates of the drawdown of the relevant mortgage loans and ends when the Remaining Group obtains the "property title certificate" for the mortgagees. A deposit of RMB2,253,000 (equivalent to HK$2,562,000) was pledged to the bank as security for the Remaining Group's obligation under the above undertaking.

No recognition was made for the undertaking as the fair value was insignificant and that the directors did not consider that a claim would probable be made against the Remaining Group under the undertaking.

Human Resources and Remuneration Policy

As at 31 July 2009, the Remaining Group had approximately 250 employees mainly in Hong Kong, PRC, Brazil and Russia. The total amount of remuneration paid by the Remaining Group to its employees (including Directors) for the period ended 31 July 2009 was HK$1.7 million. The Group rewarded its employees according to prevailing market practices, individual experience and performance are reviewed regularly. In addition to the provision of annual bonus, provident fund scheme and medical insurance coverage, discretionary bonuses and share option were also available to employees based on their performance.

Foreign Exchange Risk

The Remaining Group mainly operates in Brazil, Russia, the PRC, and Hong Kong. The operation and its assets and liabilities in Brazil and Russia were mainly denominated in Brazilian Reais and Rubles which expose the Group to fluctuations in exchange rates among such currencies. The Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes to hedge against the foreign currency risk. The management will monitor closely to ensure measures are taken against any adverse impact on such exchange risk.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

Saved for the acquisition of the Forest Business which was completed on 31 July 2009, the Remaining Group did not have any acquisition or disposal of subsidiaries or assets during the period ended 31 July 2009.

Future Plans for Material Investments or Capital Assets

With rapid growth in the forestry sector, the Remaining Group will continue to allocate resources in this business. The Remaining Group will also seek for other investment opportunities which are beneficial to its long term development, with an aim to generate the best return for its shareholders.

Financial Instruments for Hedging Purposes

The Remaining Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes during the period under review.

4. INDEBTEDNESS

At 30 November 2009, being the latest practicable date for the purpose of the statement of indebtedness, the Group had outstanding borrowings of approximately HK$189,003,000 which comprised:

(i) (a) bank borrowings of approximately HK$1,637,000, which were secured by the personal guarantee of a non-controlling shareholder and bearing fixed interest rate at 11.02% per annum;

(b) bank borrowing of approximately HK$6,605,000, which were secured by plant and equipment, construction in progress and motor vehicle in Russia with a carrying amount of HK$1,779,000 and HK$888,000 and HK$411,000 and bearing fixed interest rates ranging from 14% to 17% per annum;

(c) bank borrowing of approximately HK$16,334,000, which were secured by the personal assets of a non-controlling shareholder and bearing fixed interest rate ranging from 16% to 17% per annum;

(ii) (a) other borrowing of approximately HK$7,931,000, which were secured by personal assets of a non-controlling shareholder and bearing fixed interest rate ranging from 3% to 5% per annum;

(b) other borrowing of approximately HK$1,116,000, which were unsecured and bearing fixed interest rate at 16% per annum;

(iii) promissory notes of approximately HK$28,942,000, which were unsecured, bearing interest at 2% per annum on the principal amount, repayable in one lump sum with principal amount on maturity date;

(iv) financial lease payables of approximately HK$14,178,000 which were secured by plant and equipment with a carrying amount of HK$8,110,000;

(v) amount due to shareholders of approximately HK$59,129,000 which were unsecured, bearing interest at 5% per annum and not repayable within twelve months; and

(vi) amount due to related companies of approximately HK$53,131,000 which were unsecured, bearing interest at 5% per annum and not repayable within twelve months.

Commitment

As the close of business on 30 November 2009, the Group had total future minimum lease payments under non-cancelable operating leases in respect of rented premises and minimum royalty payments amounting to approximately HK$56,826,000.

Contingent liabilities

As at 30 November 2009, the Group provided the corporate guarantees of HK$4,500,000 and the deposit pledged of HK$4,500,000 to a bank for the issuance of the performance bonds, in favour of the independent third parties relating to the construction contract, amounting to HK$4,487,000. No recognition on fair value of the guarantee because the fair value of the guarantee as above was insignificant and that the directors did not consider it probable that a claim would be made against the Group under the guarantee.

Save as aforesaid or as otherwise mentioned herein and apart from intra-group liabilities and normal accounts payable and bills payables in the ordinary course of business, the Group did not have any outstanding mortgages, charges, debentures, loans capital and overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptable credits or any guarantees or other material contingent liabilities as at the close of business on 30 November 2009.

5. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into account the proceeds generated from the Disposal and the internal resources of the Remaining Group, the Remaining Group has sufficient working capital for its present requirements in the next twelve months from the date of this circular.

6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial and trading position of the Group since 31 March 2009, being the date to which the latest published audited accounts of the Company were made up.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. Unaudited Pro Forma Consolidated Statement of Financial Position

The following is an illustrative and unaudited pro forma consolidated statement of financial position of Bright Prosperous Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") which have been prepared to illustrate the effect of the proposed disposal (the "Disposal") of the entire 100% equity interest in Anex Far East Limited and its subsidiaries (collectively referred to as the "Disposal Group"), on the financial position of the Group immediately after completion as if the Disposal had taken place on 31 July 2009.

The unaudited pro forma consolidated statement of financial position was prepared based on the audited consolidated statement of financial position of the Group as at 31 July 2009 as set out in the accountants' report of the Group in Appendix I to this circular, after adjusting mainly for the exclusion of the carrying values of assets and liabilities of the Disposal Group as at 31 July 2009.

The unaudited pro forma consolidated statement of financial position was prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group excluding the Disposal Group, (collectively referred to as the "Remaining Group") as at 31 July 2009, had the Disposal taken place on 31 July 2009, or at any future dates.

	Audited consolidated statement of financial position of the Group as at 31 July 2009	Pro forma adjustments			Unaudited pro forma consolidated statement of financial position of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
NON-CURRENT ASSETS					
Property, plant and equipment	266,853	(179)	–	–	266,674
Intangible assets	168,182	–	–	–	168,182
Biological assets	904,838	–	–	–	904,838
Goodwill	1,394,472	–	–	–	1,394,472
Deposit for purchase of properties	2,469	–	–	–	2,469
	2,736,814	(179)	–	–	2,736,635
CURRENT ASSETS					
Inventories	3,035	–	–	–	3,035
Trade and other receivables	118,381	(35,103)	–	–	83,278
Tax recoverable	398	–	–	–	398
Pledged bank deposits	25,500	–	–	(7,500)	18,000
Cash and cash equivalents	252,558	(3,665)	5,780	7,500	262,173
	399,872	(38,768)	5,780	–	366,884
Assets classified as held for sale	54,899	–	–	–	54,899
	454,771	(38,768)	5,780	–	421,783
CURRENT LIABILITIES					
Due to the Disposal Group	–	1,337	–	–	1,337
Trade and other payables	115,258	(23,615)	–	–	91,643
Bank and other borrowings and overdrafts	36,712	(14,860)	–	–	21,852
Consideration payable	35,000	–	–	–	35,000
Finance lease payables	7,640	–	–	–	7,640
Provision for taxation	1,077	(1,069)	–	–	8
	195,687	(38,207)	–	–	157,480
Liabilities associated with assets classified as held for sale	14,174	–	–	–	14,174
	209,861	(38,207)	–	–	171,654
NET CURRENT ASSETS	244,910	(561)	5,780	–	250,129
TOTAL ASSETS LESS CURRENT LIABILITIES	2,981,724	(740)	5,780	–	2,986,764

	Audited consolidated statement of financial position of the Group as at 31 July 2009	Pro forma adjustments		Unaudited pro forma consolidated statement of financial position of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	
NON-CURRENT LIABILITIES				
Other payables	8,412	–	–	8,412
Bank and other borrowings	1,229	–	–	1,229
Amounts due to shareholders	57,185	–	–	57,185
Amounts due to related companies	60,167	–	–	60,167
Finance lease payables	1,773	–	–	1,773
Consideration payable	93,933	–	–	93,933
Deferred tax liabilities	374,972	–	–	374,972
Promissory notes	191,911	–	–	191,911
	789,582	–	–	789,582
NET ASSETS	2,192,142	(740)	5,780	2,197,182
CAPITAL AND RESERVES				
Share capital	313,679	–	–	313,679
Reserves	1,866,004	1,597	5,780	1,873,381
Total equity attributable to owners of the Company	2,179,683	1,597	5,780	2,187,060
Non-controlling interests	12,459	(2,337)	–	10,122
TOTAL EQUITY	2,192,142	(740)	5,780	2,197,182

Notes:

1. The audited consolidated statement of financial position of the Group as at 31 July 2009 was derived from the Accountants' Report of the Group which is set out in Appendix I of this circular.

2. The adjustment represents the exclusion of the assets and liabilities attributable to the Disposal Group as at 31 July 2009 as if the Disposal had been completed on 31 July 2009. The unaudited pro forma adjustment will not have continuing effect on the statement of financial position of the Remaining Group.

3. The adjustment represents the cash consideration of approximately HK$8.28 million to be received and estimated disposal expenses of HK$2.5 million to be paid for the Disposal upon completion. The unaudited pro forma adjustment will not have continuing effect on the statement of financial position of the Remaining Group.

4. The adjustment represents the release of pledged bank deposits for the guarantee granted to the Disposal Group. The unaudited pro forma adjustment will not have continuing effect on the statement of financial position of the Remaining Group.

5. The estimated unaudited gain on the Disposal is as follows:

	HK$'000
Cash consideration	8,280
Estimated disposal expenses	(2,500)
	5,780
Share of net assets of the Disposal Group as at 31 July 2009	(740)
Gain on disposal	5,040

The unaudited pro forma adjustment will not have continuing effect on the statement of financial position of the Remaining Group.

2. Unaudited Pro Forma Consolidated Statement of Comprehensive Income

The pro forma consolidated statement of comprehensive income was prepared as if the Disposal Group had been disposed on 1 April 2008. The unaudited pro forma consolidated statement of comprehensive income was prepared based on the audited consolidated statement of comprehensive income of the Group for the year ended 31 March 2009 as set out in the accountants' report of the Group in Appendix I to this circular, after adjusting mainly for the exclusion of the revenue, cost and expenses generated from the operations of the Disposal Group.

The unaudited pro forma consolidated statement of comprehensive income was prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the results of the Remaining Group for the year ended 31 March 2009 or for any further financial periods.

	The Group for the year ended 31 March 2009	Pro forma adjustments		Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	
Consolidated Income Statement				
CONTINUING OPERATIONS				
Turnover	162,641	(155,884)	–	6,757
Cost of sales	(153,255)	148,759	–	(4,469)
Gross profit	9,386	(7,125)	–	2,261
Other revenue	1,770	(279)	–	1,491
Other net income	782	–	–	782
Selling and distribution costs	(442)	–	–	(442)
Administrative expenses	(21,385)	6,412	–	(14,973)
Other operating expenses	(230)	66	–	(164)
Gain on extinguishment of convertible note	204,831	–	–	204,831
Gain on extinguishment of promissory note	88,090	–	–	88,090
Profit from operations	282,802	(926)	–	281,876
Finance income	1,141	–	–	1,141
Finance costs	(63,298)	258	–	(63,040)
Net finance costs	(62,157)	258	–	(61,899)
Profit before taxation	220,645	(668)	–	219,977
Income tax	(752)	726	–	(26)
Profit for the year from continuing operations	219,893	58	–	219,951
DISCONTINUING OPERATIONS				
Loss for the year from discontinued operations	(252,633)	–	(4,322)	(256,955)
LOSS FOR THE YEAR	(32,740)	58	(4,322)	(37,004)

	The Group for the year ended 31 March 2009	Pro forma adjustments		Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	
ATTRIBUTABLE TO:				
Owners of the Company	(12,707)	737	(4,322)	(16,292)
Non-controlling interests	(20,033)	(679)	–	(20,712)
	(32,740)	58	(4,322)	(37,004)
Loss for the year	(32,740)	58	(4,322)	(37,004)
Other comprehensive income				
Foreign currency translation differences for foreign operations	486	–	–	486
Gain on revaluation of buildings	52	–	–	52
Other comprehensive income for the year	538	–	–	538
Total comprehensive income for the year	(32,202)	58	(4,322)	(36,466)
Total comprehensive income attributable to:				
Owners of the Company	(12,363)	737	(4,322)	(15,948)
Non-controlling interests	(19,839)	(679)	–	(20,518)
	(32,202)	58	(4,322)	(36,466)

Notes:

1. The audited consolidated income statement of the Group for the year ended 31 March 2009 was derived from the Accountants' Report of the Group which is set out in Appendix I of this circular.

2. The adjustment represents the exclusion of results attributable to the Disposal Group for the year ended 31 March 2009 as if the Disposal had taken place on 1 April 2008. The unaudited pro forma adjustment will not have continuing effect on the income statement of the Remaining Group.

3. The adjustment reflects the estimated loss of approximately HK$4,322,000 resulting from the Disposal, assuming that the Disposal had taken place on 1 April 2008.

	HK$'000
Cash consideration	8,280
Waiver of the amount due by the Disposal Group	(4,211)
Estimated disposal expenses	(2,500)
	1,569
Share of net assets of the Disposal Group as at 1 April 2008	(5,891)
Loss on disposal	(4,322)

The unaudited pro forma adjustment will not have continuing effect on the income statement of the Remaining Group.

3. Unaudited Pro Forma Consolidated Statement of Cash Flows

The pro forma consolidated statement of cash flows was prepared as if the Disposal Group had been disposed of on 1 April 2008. The following unaudited consolidated statement of cash flows was prepared based on the audited consolidated statement of cash flows of the Group for the year ended 31 March 2009 as set out in the accountants' report on the Group in Appendix I to this circular, after adjusting mainly for the exclusion of the cash flows arising from the activities of the Disposal Group and the inclusion of the cash flows relating to the Disposal.

The unaudited pro forma consolidated statement of cash flows was prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the cash flows of the Remaining Group for the year ended 31 March 2009, had the Disposal taken place on 1 April 2008, or for any future financial periods.

	The Group for the year ended 31 March 2009	Pro forma adjustments		Pro forma Remaining Group
	HK$'000	HK$'000	HK$'000	HK$'000
	(Note 1)	(Note 2)	(Note 3)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation				
– Continuing operations	220,645	(668)	(4,322)	215,655
– Discontinued operations	(258,970)	–	–	(258,970)
Adjustments for:				
Amortisation of land lease premium	5	–	–	5
Amortisation of intangible assets	95,303	–	–	95,303
Gain on extinguishment of convertible note	(204,831)	–	–	(204,831)
Gain on extinguishment of promissory note	(88,090)	–	–	(88,090)
Finance income	(1,158)	–	–	(1,158)
Finance costs	63,298	(258)	–	63,040
(Gain)/loss on disposal of a subsidiary	(782)	–	4,322	3,540
Loss on disposal of discontinued operations	151,285	–	–	151,285
Loss on disposal of property, plant and equipment	230	–	–	230
Depreciation	565	(37)	–	528
Write-down of inventories	10,356	–	–	10,356
Exchange difference, net	(130)	–	–	(130)
Operating loss before changes in working capital	(12,274)	(963)	–	(13,237)
Decrease in inventories	3,219	–	–	3,219
Decrease/(increase) in trade and other receivables	19,589	(35,463)	–	(15,874)
(Decrease)/increase in trade and other payables	(5,790)	13,004	–	7,214
Decrease in bank loans (trading nature)	(13,506)	–	–	(13,506)
Cash used in operations	(8,762)	(23,422)	–	(32,184)
Income tax paid				
– Hong Kong profits tax paid	(1,564)	1,547	–	(17)
– PRC tax paid	(779)	–	–	(779)
– Overseas tax paid	(289)	289	–	–
	(2,632)	1,836	–	(796)
NET CASH USED IN OPERATING ACTIVITIES	(11,394)	(21,586)	–	(32,980)

	The Group for the year ended 31 March 2009		Pro forma adjustments		Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 4)*	*(Note 5)*	
CASH FLOWS FROM INVESTING ACTIVITIES					
Deposit for acquisition of subsidiaries	(15,500)	–	–	–	(15,500)
Payment to acquire property, plant and equipment and land lease premium	(1,275)	90	–	–	(1,185)
Net cash inflow from disposal of subsidiaries	211	–	19,291	–	19,502
(Increase)/decrease in pledged bank deposits	(22,857)	–	–	50,500	27,643
Interest received	1,158	–	–	–	1,158
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(38,263)	90	19,291	50,500	31,618
CASH FLOWS FROM FINANCING ACTIVITIES					
Bonus warrants	5,222	–	–	–	5,222
Interest paid	(377)	258	–	–	(119)
Interest element of finance lease payments	(7)	–	–	–	(7)
Capital element of finance lease payments	(29)	–	–	–	(29)
NET CASH GENERATED FROM FINANCING ACTIVITIES	4,809	258	–	–	5,067
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(44,848)	(21,238)	19,291	50,500	3,705
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	105,557	–	–	–	105,557
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	23	–	–	–	23
CASH AND CASH EQUIVALENTS AT END OF YEAR	60,732	(21,238)	19,291	50,500	109,285
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and cash equivalents	64,438	(25,279)	19,291	50,500	108,950
Cash and bank balances classified as held for sale	335	–	–	–	335
Bank overdrafts	(4,041)	4,041	–	–	–
	60,732	(21,238)	19,291	50,500	109,285

Notes:

1. The audited consolidated statement of cash flows of the Group for the year ended 31 March 2009 was derived from the Accountants' Report of the Group which is set out in Appendix I of this

circular. This unaudited pro forma adjustment will not have continuing effect on the statement of cash flows of the Remaining Group.

2. The adjustment represents the exclusion of cash flows of the Disposal Group for the year ended 31 March 2009 as if the Disposal had taken place on 1 April 2008. This unaudited pro forma adjustment will not have continuing effect on the statement of cash flows of the Remaining Group.

3. The adjustment reflects the estimated loss of approximately HK$4,322,000 resulting from the Disposal, assuming that the Disposal had taken place on 1 April 2008. The unaudited pro forma adjustment will not have continuing effect on the statement of cash flows of the Remaining Group.

4. The adjustment reflects the net cash inflows amounting to approximately HK$19,291,000 resulting from the Disposal, assuming the Disposal had taken place on 1 April 2008. The net cash inflow of HK$19,291,000 represents the estimated cash consideration for the Disposal of HK$8,280,000 less bank balances and cash and bank overdraft of the Disposal Group as at 1 April 2008 amounting to approximately HK$270,000 and HK$13,781,000 respectively, and the estimated disposal expenses of HK$2,500,000. The unaudited pro forma adjustment will not have continuing effect on the statement of cash flows of the Remaining Group.

5, The adjustment represents the release of pledged bank deposits for the guarantee granted to the Disposal Group. The unaudited pro forma adjustment will not have continuing effect on the statement of cash flows of the Remaining Group.

The following is the text of a report prepared for the purpose of incorporation in this circular received from CCIF CPA Limited, the independent reporting accountants.

B. LETTER ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

CCIF
CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

25 January 2010

The Directors
Bright Prosperous Holdings Limited
Room 3001-2, Top Glory Tower
262 Gloucester Road
Causeway Bay
Hong Kong

Dear Sirs

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Bright Prosperous Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), excluding Anex Far East Limited and its subsidiaries (collectively referred to as the "Disposal Group") (hereinafter referred to as the "Remaining Group"), set out on pages II-1 to II-10 in this Appendix to the circular dated 25 January 2010 (the "Circular") issued by the Company in connection with a very substantial disposal resulting from the proposed disposal of the entire 100% equity interest of Anex Far East Limited (the "Disposal"). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, solely for illustrative purposes to provide information about how the Disposal might have affected the financial information presented in respect of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-10 to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by Rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard in Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the financial position of the Remaining Group as at 31 July 2009 or any future dates; or

- the results and cash flows of the Remaining Group for the year ended 31 March 2009 or any future periods.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

CCIF CPA Limited
Certified Public Accountants
Hong Kong

Alvin Yeung Sik Hung
Practising Certificate Number P05206

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other matters the omission of which would make any statement in this circular misleading.

2. DIRECTORS' INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

Directors' interests in share options granted by the Company

Pursuant to the share option scheme adopted by the Company on 27 November 2009, certain Directors were granted the share options. As at the Latest Practicable Date, the interests of the Directors in options to subscribe for the Shares were as follows:

Name of Directors	Date of grant	Number of Shares issuable upon exercise of option held as at the Latest Practicable Date	Price per Share to be paid on exercise of options *HK$*	Approximate percentage of shareholding *(%)*
Mr. Leung Chau Ping, Paul	13 January 2010	20,421,710	0.94	0.99%
Mr. Chiu Raymond Yim	13 January 2010	5,105,427	0.94	0.25%
Mr. John Tewksbury Banigan	13 January 2010	2,042,171	0.94	0.10%
Mr. Leandro Dos Martires Guerra	13 January 2010	5,105,427	0.94	0.25%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors held any directorship or employment in a company which has an interests or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Directors' interests in assets, contracts or arrangement of the Group

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had, or has had, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2009, being the date to which the latest published audited consolidated accounts of the Group were made up.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of Group other than contracts expiring or determinable by the Company or the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

5. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, were entered into by the Group during the period commencing two years preceding the Latest Practicable Date and are or may be material:

(i) the agreement dated 15 August 2008 entered into among the Company, Pure Hope Development Limited and Mr. Yam Tak Cheung in relation to the disposal of the entire equity interest in a subsidiary which was engaged in magnesite mining business at the consideration of HK$1,624 million. The disposal was completed on 29 December 2008;

(ii) the agreement dated 24 September 2008 entered into between the Company and Rich Kind Investment Development Limited in relation to the disposal of the entire equity interest in a subsidiary which was engaged in the property holding for home appliances business. The disposal was completed on 30 September 2008;

(iii) the agreement dated 1 December 2008 entered into between the Company and Win Field (China) Limited in relation to a disposal of the entire interest in a subsidiary which was engaged in construction related business. The disposal was completed on 1 December 2008;

(iv) the agreement dated 28 February 2009 (as amended by a supplemental agreement dated 10 March 2009) entered into among Great Path Limited, a wholly-owned subsidiary of the Company, Winner Global Holdings Limited and Ms. Loh Jiah Yee, Katherine in relation to the acquisition of the entire issued share capital of Amplewell Holdings Limited for a consideration of HK$1,860 million. The acquisition was completed on 31 July 2009;

(v) the agreement dated 1 June 2009 entered into between the Company and President Securities (Hong Kong) Limited in relation to the placing of a maximum of 5,636,360,000 Shares at the price of HK$0.055 per Share. The placing was completed on 30 July 2009;

(vi) the agreement dated 1 August 2009 entered into between Anex Properties Holdings Limited, a wholly-owned subsidiary of the Company and Mr. Tse Chun Fai in relation to the disposal of the entire interest in a subsidiary which was engaged in property development business for a consideration of HK$1.0. The disposal was completed on 1 August 2009;

(vii) the agreement dated 22 September 2009 entered into between the Company and Mr. Goh Ee Bin in relation to the disposal of the entire interest in a subsidiary engaged in property development business for a consideration of RMB16.0 million. The disposal was completed on 30 September 2009;

(viii) the agreement dated 14 October 2009 (as amended by a supplemental placing agreement dated 19 October 2009) entered into among Winner Global Holdings Limited, the Company and Sun Hung Kai Investment Services Limited in relation to the placing of a maximum of 917,640,000 Shares held by Winner Global Holdings Limited. The placing was completed on 22 October 2009;

(ix) the Disposal Agreement; and

(x) the agreement dated 31 December 2009 entered into between the Company and Mr. Chau Tsz Kin in relation to the disposal of the entire issued share capital of Idealboom Group Limited, a subsidiary of the Company, for a consideration of HK$4.0 million. It is expected to be completed on 28 February 2010.

6. COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors and their respective associates were considered to have any interests in businesses which compete or were likely to compete, either directly or indirectly, with the business of the Group, other than those businesses which the Directors were appointed as directors to represent the interests of the Group.

7. EXPERTS AND CONSENTS

(i) The following are the qualifications of the experts who have been named in this circular and have given opinions and advice which are contained in this circular:

Name	Qualifications
CCIF CPA Limited (“CCIF”)	Certified Public Accountants
Veda Capital	Veda Capital Limited, a corporation licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activity, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Disposal Agreement and the transactions contemplated thereunder

(ii) CCIF and Veda Capital did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(iii) CCIF and Veda Capital have given and have not withdrawn their respective written consents to the issue of this circular, with the inclusion therein of its letter or the references to its name in the form and context in which they respectively appear.

(iv) CCIF and Veda Capital did not have any direct or indirect interest in any asset which has been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since the date to which the latest published audited financial statements of the Group were made up.

8. MISCELLANEOUS

(i) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

(ii) The head office and principal place of business of the Company in Hong Kong is Room 3001-02, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.

(iii) The company secretary of the Company is Mr. Chan Hon To. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants.

(iv) The branch share registrar and transfer office of the Company is Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(v) the registered office of the Purchaser is situated at Room 803, 8/F, Eastern Harbour Centre, 28 Hoi Chak Street, Quarry Bay, Hong Kong.

(vi) In the event of inconsistence, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday except Saturdays, Sundays and public holidays at the head office and principal place of business of the Company in Hong Kong at Room 3001-02, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong from the date of this circular up to and including the date of the SGM:

(i) the memorandum of association and bye-laws of the Company;

(ii) the annual reports of the Company for the two years ended 31 March 2009;

(iii) the interim report of the Company for the six months ended 30 September 2009;

(iv) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 13 of this circular;

(v) the letter of advice from Veda Capital, the text of which is set out on pages 14 to 25 of this circular;

(vi) The accountants' reports on the Group, the text of which is set out in Appendix I to this circular;

(vii) the report from CCIF in respect of the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix II to this circular;

(viii) the written consents referred to under the paragraph headed "Experts and consents" in this appendix;

(ix) the statement of adjustments from CCIF for the consolidated income statements of the Group for each of the three years ended 31 March 2009;

(x) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and

(xi) this circular.

Bright Prosperous Holdings Limited
晉盈控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 723)

NOTICE IS HEREBY GIVEN that a special general meeting ("**SGM**") of Bright Prosperous Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") will be held at the Conference Room, Rooms 3001-02, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 9 February 2010 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution:

ORDINARY RESOLUTION

"**THAT**

(a) the agreement dated 15 December 2009 entered into between Anex Construction and Engineering Holdings Limited, a wholly owned subsidiary of the Company, as vendor and United Marble Company Limited for the sale and purchase of the entire issued share capital of Anex Far East Limited for an aggregate consideration of HK$8.28 million (the "**Disposal Agreement**", a copy of which has been produced to the Meeting and marked "A" and initialed by the Chairman of the Meeting for the purpose of identification), the transactions contemplated thereunder or incidental to the Disposal Agreement, and all actions taken or to be taken by the Company pursuant to it as described in the circular to the shareholders of the Company dated 25 January 2010 (the "**Circular**", a copy of which has been produced to the Meeting and marked "**B**" and initialed by the Chairman of the Meeting for the purpose of identification) be and are hereby generally and unconditionally approved, ratified and confirmed;

(b) any one director of the Company be and is hereby authorized for and on behalf of the Company to do all such acts and things, to sign and execute any agreements pursuant to and/or supplemental to the Disposal Agreement; and all such other documents, deeds, instruments and agreements and to take such steps as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the said agreements or any of the transactions contemplated thereunder or incidental to any of them and all other matters incidental thereto."

By Order of the Board
Bright Prosperous Holdings Limited
Leung Chau Ping, Paul
Executive Director

Hong Kong, 25 January 2010

* *for identification purpose only*

Notes:

1. Any member of the Company entitled to attend and vote at the SGM may appoint one or more than one proxy to attend and to vote instead of him. A proxy need not be a member of the Company.

2. Where there are joint registered holders of any share, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such share of the Company as if he were solely entitled thereto; but if more than one or such joint holders be present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

3. In order to be valid, the proxy form duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.

4. Completion and return of the proxy form will not preclude you from attending the SGM and voting in person if you so wish. In the event that you attend the SGM after having lodged the proxy form, it will be deemed to have been revoked.