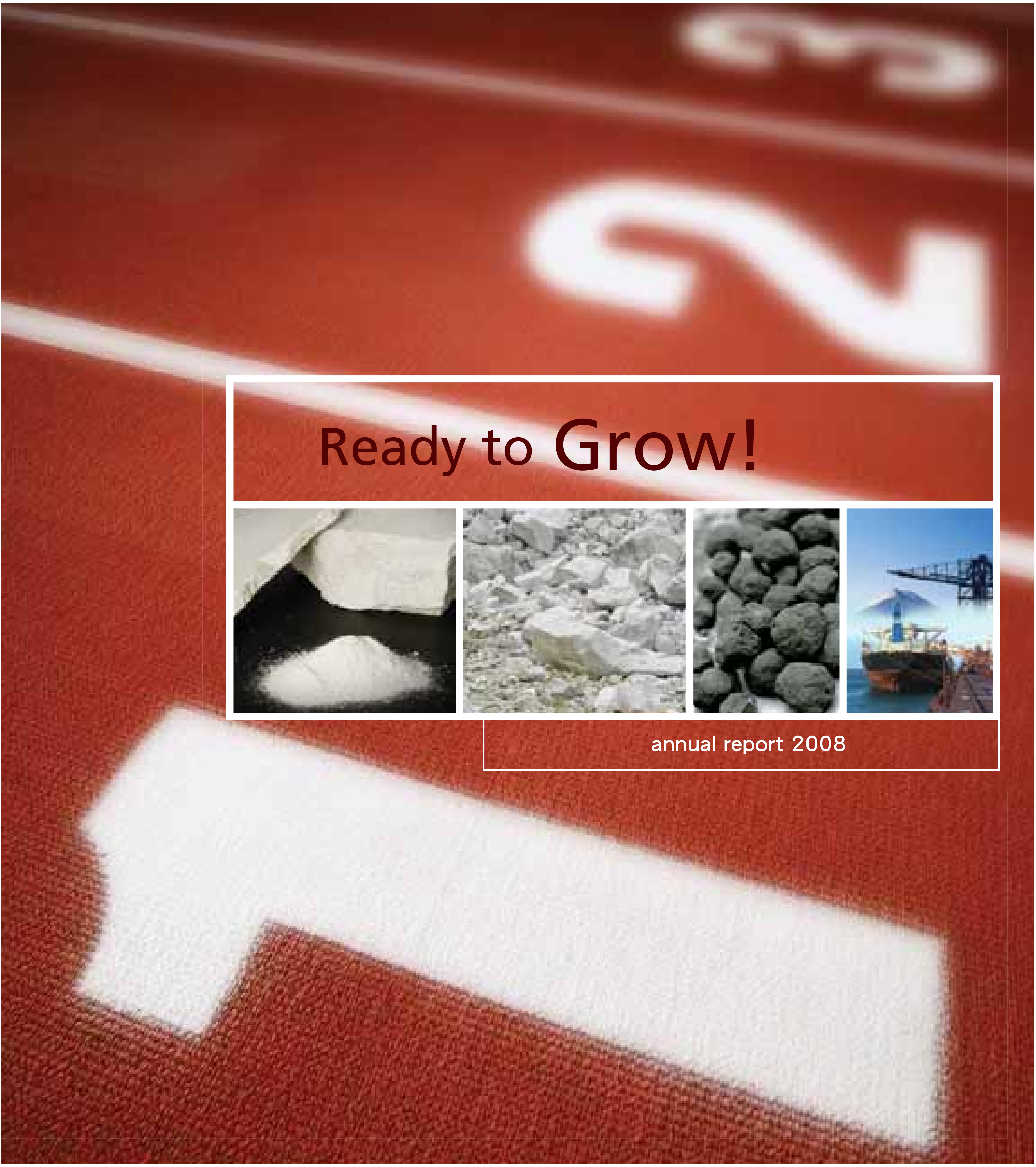
Prosperity International Holdings (H.K.) Limited
昌興國際控股(香港)有限公司

(Incorporated in Bermuda with limited liability)

Stock code: 8139



Ready to Grow!

annual report 2008

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. WONG Ben Koon, Chairman
Madam HON Ching Fong
Mr. KONG Siu Keung

Independent Non-Executive Directors

Mr. MO Kwok Choi
Mr. YUEN Kim Hung, Michael
Mr. YUNG Ho

COMPLIANCE OFFICER

Mr. WONG Ben Koon

QUALIFIED ACCOUNTANT

Mr. KONG Siu Keung, *FCPA, FCCA*

COMPANY SECRETARY

Mr. KONG Siu Keung, *FCPA, FCCA*

AUTHORISED REPRESENTATIVES

Mr. WONG Ben Koon
Mr. KONG Siu Keung

AUDIT COMMITTEE

Mr. MO Kwok Choi, Chairman
Mr. YUEN Kim Hung, Michael
Mr. YUNG Ho

REMUNERATION COMMITTEE

Mr. YUEN Kim Hung, Michael, Chairman
Mr. YUNG Ho

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 1801-6
18th Floor
Tower 2
The Gateway
25 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

STOCK EXCHANGE LISTING

The Growth Enterprise Market of
The Stock Exchange of Hong Kong Limited

STOCK CODE

8139

AUDITORS

RSM Nelson Wheeler
Certified Public Accountants
29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

SOLICITORS

Kirkpatrick & Lockhart Preston Gates & Ellis, Solicitors
35th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
CITIC Ka Wah Bank Limited

COMPANY WEBSITE ADDRESS

http://www.equitynet.com.hk/8139

Chairman's Statement

Dear shareholders,

It is my pleasure to present to you the annual report of Prosperity International Holdings (H.K.) Limited ("Prosperity International" or the "Company", together with its subsidiaries, collectively the "Group") for the year ended 31 March 2008 (the "Year").

RESULTS OVERVIEW

The financial year 2008 was a significant year for the Group as its investment in a granite mining site further widened the scope of the Group's building material and related ancillary businesses, and led the Group to diversify into the mineral resources exploration, exploitation and mining production business. Meanwhile, its operation involving the trading of clinker and cement and other building materials business remained stable. The turnover and profit grew progressively at a healthy pace.

During the Year, the Group recorded a turnover of approximately HK$648.6 million, representing an increase of approximately 18% as compared with HK$550.6 million in the financial year of 2007, and a net profit of approximately HK$38.5 million. Excluding the amount of approximately HK$14.2 million arising from the excess of fair value of net assets acquired over the cost of acquisition of subsidiaries as disclosed in note 28(a) to the financial statements, the net profit for the Year amounted to approximately HK$24.3 million, representing an increase of approximately 26% as compared with HK$19.3 million in the financial year of 2007.

BUSINESS REVIEW

Trading of Clinker and Cement

The Group's clinker and cement trading business maintained a stable growth amid the challenges in the macro environment during the Year. Despite some challenges arising from the abolishment of export tax rebate in the People's Republic of China (the "PRC") on clinker and cement products, appreciation of Renminbi ("RMB") and the sharp increase in the cost of global sea-freight which we had to pass on to our customers in the form of higher selling prices, the Group still managed to register stable growth in the trading volume of clinker and cement.

Leveraging on a still favourable market environment of the clinker and cement trading business, the robust demand for clinker and cement around the world, our management's expertise and experiences in the trading of construction materials in the region, as well as our strong sales network in the global markets, the Group managed to achieve business growth during the Year and successfully consolidated its market coverage in Asia and Africa.

During the Year, the Group purchased and sold approximately 1,807,000 tonnes of clinker and cement, which generated a turnover of approximately HK$645.3 million. The encouraging results further strengthened the Group's existing major source of income and solidified the platform for our future development of other building material businesses and the mineral resources business.

Chairman's Statement

Further Extension to Mineral Resources Business, Investment in Granite Material Production

In order to further extend our business scope of the building materials and related ancillary businesses, the Group acquired 60% equity interest in WM Aalbrightt Investment Holdings (Hong Kong) Limited, which indirectly owns a granite mining permit in Xiang Lu Shan Granite Mining Site in the PRC. The acquisition is a further extension of our business from the building material and related ancillary businesses to the mineral resources exploration, exploitation and mining production.

With the expected commencement of production at the granite mining site in the latter half of 2008, the Group will produce high quality white-colour dimension stones from the site. In addition to the exploration of crude dimension stones, it will also develop the quarry for high value-added feldspar powder, which is used in the ceramic and glass industries.

Given that the PRC property market will continue to grow and the people will become more affluent, the local demand for granite-derived construction and building materials will remain strong in the future. The investment in this granite mining site will enable the Group to tap a huge growing market.

Capitalizing on the Group's existing distribution network and clientele, as well as the management's extensive experiences and expertise in the construction material industry and mineral resources sector, the investment will further expand the Group's building material business and create a new and important source of revenue for the Group.

The investment in granite mining business marks a successful milestone in the Group's development into the mineral resources sector and lays a solid foundation for our future investment in other mineral resources.

Operation of Public Port and Other Related Facilities Business

The Group established a joint venture with Anhui Conch Venture Investment Company Limited in October 2006. The joint venture company will be engaged in the operation of a public port and other related facilities and the provision of warehousing services mainly for building materials companies in Jiangsu Province, the PRC. It will also produce and sell slag powder, which can be used in the production of cement, with a target production capacity of 1.5 million tonnes per year. The Group owns 25% of the joint venture company with a total investment of RMB25 million.

Due to the unforeseen delay in securing relevant licenses for the port operation, the joint venture did not commence the construction work at the port on schedule. It is estimated that the commercial operation will commence by late 2009.

SHARE PLACEMENTS

In an effort to achieve further growth and development, we raised more than HK$51 million net proceeds through share placements during the Year. The encouraging response of the share placements has demonstrated that the financial community has confidence in the management of the Group and the global building material and mineral resources markets.

Chairman's Statement

FUTURE PROSPECTS

To propel future development and growth, the Group has formulated a number of business strategies, including maximizing the synergy of different business segments, consolidating its clinker and cement trading business and expanding its business scope to cover other building materials and related ancillary services. Given the enormous demand for mineral resources in the PRC and the devotion of our professional management team focusing on developing the mineral resources exploration, exploitation and mining production business, we also plan to develop the mineral resources business, such as the gold, copper, lead, zinc and coal mining business. At the same time, the Group is actively seeking opportunities to develop mineral resources projects in the PRC and other parts of Asia. This involves investing in existing mineral extraction projects and acquiring mining and exploration rights.

Given that it is actively seizing potential market opportunities and making full use of our experienced and professional management team and extensive sales network, the Company is upbeat about its potential to develop the Group into Asia's leading provider of building materials and minerals, which offers a wide spectrum of high quality products and generates impressive returns in the future.

APPRECIATION

On behalf of Prosperity International, I wish to thank wholeheartedly our shareholders and business partners for their constant trust and support to the Group. In addition, I would also like to take this opportunity to express my sincere gratitude to the management and all staff members for their unstinting dedication and enthusiasm in carrying out their responsibilities as well as their significant contributions throughout the Year. The Group will continue to develop a promising and sustainable business in both the local and global markets.

By order of the Board
Wong Ben Koon
Chairman

Hong Kong, 26 June 2008

Management Discussion and Analysis

OPERATING ENVIRONMENT REVIEW

Clinker and Cement Business

The excess supply in the cement industry in the PRC prevailed in 2007 but the gap between supply and demand was narrowed due to the strong domestic demand. During 2007, the production volume of cement amounted to 1.36 billion tonnes, representing an increase of 10.12% over 2006. The export volume of cement decreased by 21.7% but the export volume of clinker grew continuously to reach 17.81 million tonnes in 2007, representing an increase of 6.5% over 2006.

The slowdown of the growth rate of cement export was mainly attributable to the abolishment of cement export tax rebate in the PRC, appreciation of RMB and high sea-freight cost. However, demand remained strong in the Europe and the Gulf Region to support increase in export price.

OPERATION REVIEW

Clinker and Cement Business

During the Year, the Group purchased and sold approximately 1,807,000 tonnes of clinker and cement, representing a slight increase of 0.4% from last financial year. Clinker and cement exports from the PRC faced the challenges arising from the abolishment of the export tax rebate on clinker and cement products, appreciation of RMB and the sharp increase in the global sea-freight cost, which we had to pass on to our customers in the form of higher selling prices. All these combined to hinder the growth of our clinker and cement trading activities.

Leveraging on the Group's management expertise, extensive experiences and strong sales network in trading construction materials in the region, the Group is poised to capture the strong demand for clinker and cement in global markets. The Group has strengthened its market coverage in Asia and Africa. In terms of the turnover breakdown by each market during the Year, the African market accounted for 7.1%; Europe 19.6%; Oceania 2.3%; Taiwan 48.2%, and other Asian Countries 22.8% as compared to North America 1.4%; South America 3%; Europe 35.8%; Africa 7.2%; Middle East 1.5%; Taiwan 47.3%; and other Asian Countries 3.8% in the financial year of 2007.

The Group provides a one-stop solution to its customers, which involves meeting the customers' requirements with the Group's comprehensive supply chain management expertise, sourcing reliable and consistent quality of clinker and cement, and providing logistic management services.

Investment in Granite Material Production

In order to further expand our business scope from the building materials and related ancillary businesses to the mineral resources exploration, exploitation and mining production business, the Group acquired 60% equity interest in WM Aalbrightt Investment Holdings (Hong Kong) Limited (the "WM Aalbrightt"), which indirectly owns a granite mining permit in Xiang Lu Shan Granite Mining Site (the "Granite Mining Site") in the PRC.

The Granite Mining Site, located at Xiang Lu Shan, Longshui Town, Quanzhou County, Guangxi Province, the PRC with a site area of approximately 2 km^2, will produce high quality white-colour dimension stones and feldspar powder.

Management Discussion and Analysis

As shown in the report issued by an internationally renowned independent technical adviser, the total estimated volume of mineral resources of the site is approximately 4 million m^3. The figure is based on a site area of approximately 0.8 km^2. In fact, the mining permit covers a total area of approximately 2 km^2. It allows further exploration within the existing lease area, providing the Group a quarry of a larger scale and better economies of scale in the future.

With the expected commencement of production at the Granite Mining Site in the latter half of 2008, the Group will produce high quality white-colour dimension stones from the site. In addition to the exploration of crude dimension stones, it will also develop the quarry for high value-added feldspar powder, which is used in the ceramic and glass industries.

Given that the PRC property market will continue to grow and the people will become more affluent, the local demand for granite-derived construction and building materials will remain strong in the future. The investment in this granite mining site will enable the Group to tap a huge growing market.

Operation of Public Port and Other Related Facilities Business

The Group established a joint venture with Anhui Conch Venture Investment Company Limited in October 2006. The joint venture company will be engaged in the operation of a public port and other related facilities and the provision of warehousing services mainly for building materials companies in Jiangsu Province, the PRC. It will also produce and sell slag powder, which can be used in the production of cement, with a target production capacity of 1.5 million tonnes per year. The Group owns 25% of the joint venture company with a total investment of RMB25 million.

Due to the unforeseen delay in securing relevant licenses for the port operation, the joint venture did not commence the construction work at the port on schedule. It is estimated that the commercial operation will commence by late 2009.

FINANCIAL REVIEW

The following discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the audited financial statements and the related notes in this annual report.

RESULTS

The Group recorded a turnover and gross profit of approximately HK$648.6 million and approximately HK$51.9 million respectively during the Year. Contribution from the clinker and cement trading business accounted for over 99.5% and 98.8% of the total turnover and gross profit of the Group respectively for the Year.

The selling and distribution costs for the Year represented the commission paid to sales agents and salaries and expenses incurred by the sales and marketing team to secure clinker and cement contracts from customers and explore business opportunities with potential customers. The decrease in the relevant costs was mainly due to the reduction of sales commission to the sales agents as part of our efforts to contain the cost of sales during the Year.

The administrative expenses mainly included remunerations of the directors of the Company and administrative personnel, and the legal and professional fees paid to external auditors, legal consultants and other professional parties. The increase during the Year was mainly due to the increase in office rental expenses and remuneration paid to management and administrative staff during the Year.

The finance costs for the Year represented the interest expenses incurred for the financing offered by principal bankers for the purchase of clinker and cement and the investment in an associate company. The increase during the Year was due to a term loan drawn in April 2007 to finance the above-mentioned investment and the increase in the trading volume of clinker and cement.

Profit for the Year attributable to equity holders of the Company amounted to approximately HK$38.5 million.

Excluding the amount of approximately HK$14.2 million arising from the excess of fair value of net assets acquired over the cost of acquisition of subsidiaries as disclosed in note 28(a) to the financial statements, profit after tax from the clinker and cement business and other building material businesses for the Year was approximately HK$24.3 million, representing an increase of approximately 26% as compared with the year ended 31 March 2007.

SHARE SUBDIVISION AND CHANGE OF BOARD LOT SIZE

On 4 January 2008, the shareholders of the Company passed the ordinary resolution for subdividing every 1 issued and unissued share of HK$0.1 each in the share capital of the Company into 10 subdivided new shares of HK$0.01 each (the "Subdivided Shares"). Effective 7 January 2008, the total number of ordinary shares in issue increased from 200,117,106 shares to 2,001,171,060 shares. The shares of the Company were previously traded in board lots of 8,000 shares. Effective 21 January 2008, the Subdivided Shares were traded in board lots of 20,000 Subdivided Shares.

The board of directors of the Company (the "Board" or the "Directors") considered that the share subdivision improved the liquidity in trading in shares of the Company and enabled the Company to attract more investors and broaden its shareholder base.

PLACING OF NEW SHARES

During the Year, a total of 61,100,000 new shares (or 611,000,000 Subdivided Shares) of the Company were placed to independent investors, of which 27,800,000 new shares (or 278,000,000 Subdivided Shares) were placed at a price of HK$0.84 per share on 24 July 2007 and 33,300,000 new shares (or 333,000,000 Subdivided Shares) were placed at a price of HK$0.90 per share on 26 October 2007 (collectively, the "Placements").

The Board considered that the Placements represented an ideal opportunity to raise capital for the Company while broadening the shareholder base and the capital base of the Company.

The net proceeds raised from the Placements, after the deduction of the related expenses, amounted to approximately HK$51 million which were used as the general working capital of the Group and for exploring investment or merger and acquisition opportunities.

FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

During the Year, the Group generally financed its operations and settled its debts with cash generated from its operations and banking facilities provided by its principal bankers. As at 31 March 2008, the facilities offered by the banks to finance the business activities of the Group amounted to approximately HK$252.1 million.

As at 31 March 2008, the cash and bank balances including pledged bank deposits of the Group amounted to approximately HK$51.2 million. The increase in bank balance was resulted from the strong cash inflow generated by the sales of clinker and cement and the Placements completed during the Year.

The Group's gearing ratio, measured in terms of total borrowings divided by total assets, was approximately 2.8% as at 31 March 2008 (2007: 11.9%). The improvement was mainly due to the strong growth in cash generated from the clinker and cement business and the net proceeds from the Placements during the Year.

FOREIGN EXCHANGE EXPOSURE

The sales and purchases of the clinker and cement business are conducted predominately in US dollars. The Group does not currently engage in hedging activities against the foreign exchange exposure, as it believes that the cost associated with such hedging arrangements would exceed the benefits. However, the management will continue to monitor the relevant circumstances and will take such a measure if it is deemed prudent.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

Acquisition of WM Aalbrightt Investment Holdings (Hong Kong) Limited

On 31 March 2008, the Group acquired 60% of the issued share capital of WM Aalbrightt, an investment holding company, which directly owns 100% equity interest in Guilin Star Brite Stone Materials Co. Ltd. ("Guilin Star Brite"). The consideration, before expenses, of approximately HK$70,646,000 (equivalent to RMB62,000,000) was satisfied by cash of approximately HK$48,790,000 (equivalent to RMB44,500,000) and by allotting 183,750,000 (as adjusted to reflect the share subdivision in January 2008) new shares of HK$0.01 each of the Company at an issue price of approximately HK$0.12 per share (the "Consideration Shares").

Guilin Star Brite, a wholly foreign-owned enterprise incorporated in the PRC, is principally engaged in exploration, exploitation and processing of granite and selling of granite products, and owns a granite mining permit in Granite Mining Site, which is located in Guangxi Province, the PRC. The total estimated mineral resources of the Granite Mining Site is approximately 4 million m^3. As set out in the mining permit, the Granite Mining Site has a site area of approximately 2 km^2 with an allowable annual production volume of approximately 40,000 m^3.

On 14 December 2007, the Company published a circular in relation to the acquisition which involves issuing the Consideration Shares. On 4 January 2008, the shareholders of the Company passed the ordinary resolution for issuing the Consideration Shares.

Reasons for and Effect of the Acquisition

The Directors are of the view that the economy of the PRC will continue to grow. As a result of the continued urbanization and economic development of the PRC, the Directors consider that the PRC property market will continue to grow, that people will become more affluent and the local demand for granite-derived construction and building materials will remain strong in the future. The acquisition will enable the Group to tap a huge growing market and widen the Group's building material business.

The Group intends to develop the quarry for high value-added feldspar powder used in the ceramic and glass industries as well as dimension stone for local and overseas consumption. The mineral resources of the Granite Mining Site are of a quality that is capable of being extracted into high quality dimension stones and feldspar powder. Dimension stone is widely used in the construction and building material industries and feldspar powder is widely used in the glass, ceramic and construction material industries.

As per the announcement of the Company dated 8 January 2008, the Group was in preliminary discussions with an independent third party regarding a potential acquisition in, and conducting due diligence on, a company which is engaged principally in the distribution of building materials and related businesses in Asia. However, after thorough consideration of the pricing of the project and the utmost benefit of shareholders, the Directors decided to cease the negotiation of the above-mentioned potential acquisition.

Save as disclosed above, the Group made no other material or significant investments or acquisitions or disposals of subsidiaries during the Year.

CONTINGENT LIABILITIES

As at 31 March 2008, the Company provided corporate guarantees to banks to secure banking facilities granted to the subsidiaries of the Company. As at the same date, the facilities amount utilized was approximately HK$62.2 million (2007: HK$91.7 million).

As at 31 March 2008, the Group did not have any significant contingent liabilities (2007: Nil).

CHARGE ON GROUP ASSETS

The Group's pledged bank deposits of approximately HK$9.0 million represented deposits pledged to banks to secure banking facilities granted to the Group as set out in note 30 to the financial statements (2007: HK$3.2 million).

COMMITMENTS

As at 31 March 2008, the Group had the following commitments:

(a) Operating Lease Commitments – as lessee

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2008	2007
	HK$'000	*HK$'000*
Within one year	**37**	135

Operating lease payments represent rentals payable by the Group for an office premises and a staff quarter (for the year ended 31 March 2007). Leases are negotiated for a term of one year and rentals are fixed over the lease terms and do not include contingent rentals.

(b) Capital and other Commitments

	2008	2007
	HK$'000	*HK$'000*
Contracted but not provided for acquisition of property, plant and equipment	**1,374**	580
Capital contributions to		
– an associate	**–**	12,594
– a subsidiary (Note)	**13,200**	–

Note:

Pursuant to the sale and purchase agreement for the acquisition of WM Aalbrightt, the Group shall within 3 months after the date of completion provide approximately HK$13.2 million (equivalent to RMB12 million) to WM Aalbrightt as a shareholder's loan (note 28(a)).

HUMAN RESOURCES

As at 31 March 2008, the Group had a total of 34 staff members, 16 of them based in the PRC and 18 based in Hong Kong. The breakdown of staff by function and geographical location is as follows:

	The PRC	Hong Kong	Total
Management	2	7	9
Sales and marketing	2	4	6
Purchases and transportation	–	2	2
Mining operation	6	–	6
Finance and administration	6	5	11
	16	18	34

The Group remunerates its employees based on their performance, experience and the prevailing industry practice. The Group will pay discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work. With a view to retaining certain important employees who will continue to make valuable contribution to the Group, share options to subscribe for shares of the Company in accordance with the new share option scheme adopted on 25 August 2003 may be granted.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labor disputes nor has it experienced any difficulties in the recruitment and retention of experienced staff. The Directors believe that the Group has a good work relation with its employees.

FUTURE GROWTH STRATEGIES

In the coming year, the Group will continue to consolidate the business of clinker and cement trading by expanding the market coverage and further exploring new markets, increasing sales volume to existing customers and expanding its client base in current markets. In terms of granite material production, we are poised to explore sales opportunities in the PRC and overseas markets after the commencement of production in late 2008. In addition, we are ready for the commencement of construction of the public port and other related facilities as well as the production and sales of slag powder. We aim to secure the relevant licenses by the end of 2008.

Given the enormous demand for mineral resources in the PRC and the devotion of our professional management team focusing on developing mineral resources exploration, exploitation and mining production business, the Group will diversify into mineral resources such as the gold, copper, lead, zinc and coal mining business. At the same time, the Group is actively seeking mineral resources projects in the PRC and other parts of Asia, which involves investing in existing mineral extraction projects and acquiring mining and exploration rights.

By leveraging on market opportunities, the experienced and professional management team and the extensive sales network, the Group is confident that its strategies of developing building material and mineral resources exploration, exploitation and mining production businesses will generate impressive returns.

Directors and Senior Management

DIRECTORS

Executive directors

Mr. WONG Ben Koon, aged 55, is one of the co-founders of the Group and the chairman of the Company. Mr. Wong is responsible for deriving the corporate culture and long term strategic plan of the Group. Mr. Wong has extensive experience in construction material and mineral resources industries in the PRC and global markets.

Madam HON Ching Fong, aged 60, is an executive director of the Company. Madam Hon is responsible for the Group's human resources management and administration. Madam Hon joined the Group in 1997.

Mr. KONG Siu Keung, aged 39, is an executive director and the Chief Financial Officer of the Company. Mr. Kong holds a master's degree in business administration and is a fellow member of the Hong Kong Institute of Certified Public Accountants and is also a fellow member of the Association of Chartered Certified Accountants. Mr. Kong joined the Group in January 2004 and has over 15 years' experience in finance and accounting field.

Independent non-executive directors

Mr. MO Kwok Choi, aged 73, was appointed as an independent non-executive director in October 2000. Mr. Mo had served as a general manager of Nanjing Iron & Steel Group Import and Export Group Limited from 1984 to 1999. Mr. Mo has extensive experience in business management.

Mr. YUEN Kim Hung, Michael, aged 46, was appointed as an independent non-executive director in January 2002. Mr. Yuen is a member of the Hong Kong Institute of Certified Public Accountants, fellow member of the Association of Chartered Certified Association and a member of Certified General Accountants Association of Canada. Mr. Yuen has over 14 years' experience in auditing, tax and accounting field.

Mr. YUNG Ho, aged 63, was appointed as an independent non-executive director in September 2004. Mr. Yung has extensive experience in the industries of trading and property development in the PRC.

SENIOR MANAGEMENT

Dr. JIANG, Brent Zhiwei, aged 49, is the chief executive officer of the Company. Dr Jiang has extensive experience in the management, commercial, operational and technical aspects of mineral and energy enterprises and extensive understanding of the Chinese mineral resources market. Prior to joining the Group, Dr. Jiang was the chief representative of a major international energy company in Asia where he was mainly responsible for developing business opportunities in the PRC. Dr. Jiang holds a bachelor's degree in mineral processing engineering from the China University of Mining & Technology and a doctor of philosophy degree in mineral processing and extractive metallurgy from The University of New South Wales in Australia.

Mr. TOK Beng Tiong, aged 36, is an executive in charge of clinker and cement business. Mr. Tok obtained his Bachelor Degree in Commerce from the University of New South Wales in Australia. Mr. Tok has over 10 years' experience in construction material industry in the PRC and global markets and the relevant logistics management. Mr. Tok had been an employee of the Group from December 2001 to February 2003 and joined the Group again in January 2005. Mr. Tok is a director of Yingde Dragon Mountain Cement Co., Ltd., a subsidiary under the Relevant Companies as disclosed under the section "Directors' Interests in Competing Business" in the Report of the Directors.

Corporate Governance Report

The Company is committed to ensuring a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintaining high level of business ethics and corporate governance practices.

During the Year, the Company endeavours to comply with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the "CG Code"). The Company considers that it has complied with the CG Code during the Year except for certain areas of non-compliance that are discussed later in this report. The board of directors of the Company (the "Board" or the "Directors") continues to review and update the practices from time to time to ensure compliance with the legal and commercial standards.

THE BOARD

The Board comprises six Directors including three executive directors and three independent non-executive directors. The independent non-executive directors possess appropriate academic and professional qualifications or related financial and business management expertise and have brought a wide range of business and financial experience to the Board. As at 31 March 2008, the composition of the Board is given below:

Executive directors:

Mr. Wong Ben Koon *(Chairman of the Board)*
Madam Hon Ching Fong
Mr. Kong Siu Keung

Independent non-executive directors:

Mr. Mo Kwok Choi *(Chairman of Audit Committee)*
Mr. Yuen Kim Hung, Michael (*member of Audit Committee and Chairman of Remuneration Committee)*
Mr. Yung Ho *(member of Audit Committee and Remuneration Committee)*

The biographical details of the Directors are set out on page 15 of this annual report.

Regular Board meetings are held at least four times a year to review the financial and operating results of the Group and to propose interim and final dividends, if appropriate. It is also held as and when necessary to discuss significant matters, including two placements and the acquisition of subsidiaries carried out during the Year. All the Directors are given an opportunity to include matters in the agenda for Board meetings.

There were twelve Board meetings held during the year ended 31 March 2008 and the individual attendance record of each Director at Board meetings is set out below:

Name of Directors	**Attendance/ Number of Board Meetings**
Mr. Wong Ben Koon	12/12
Madam Hon Ching Fong	9/12
Mr. Kong Siu Keung	12/12
Mr. Mo Kwok Choi	9/12
Mr. Yuen Kim Hung, Michael	10/12
Mr. Yung Ho	10/12

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on matters such as quarterly, interim and annual results, investment, director appointments or re-appointments, and dividend and accounting polices. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the Chairman and the senior management.

Mr. Wong Ben Koon and Madam Hon Ching Fong are shareholders of the Company. Their respective interests are disclosed in the section headed "Directors' Interests and Short Positions in Shares and Underlying Shares" in the Report of the Directors. Mr. Wong Ben Koon and Madam Hon Ching Fong have joint beneficial interests in certain companies outside the Group. Transactions between these companies and the Group (if any) during the Year are disclosed in note 32 to the financial statements.

Save as disclosed above and in note 32 to the financial statements, there is no financial, business, family or other material or relevant relationship among the Directors.

The Company has received from each of its independent non-executive directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive directors to be independent. The details of the service contract of each independent non-executive director are disclosed in the section headed "Directors' Service Contracts" under the Report of the Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (“CEO”)

Mr. Wong Ben Koon is the chairman of the Company. The CG Code provides that the roles of chairman and CEO should be segregated and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. The Company did not have a CEO until 11 June 2007 when Dr. Jiang, Brent Zhiwei (“Dr. Jiang”) was appointed as the CEO of the Company. The functions of a CEO before the appointment of Dr. Jiang have been instead carried out by the Company’s executive directors who have different expertise in managing the business and other matters of the Group. This constitutes a deviation from the provisions of the CG Code.

Dr. Jiang is responsible for the overall management of the Group, including strategic planning, business development and operations. The Board continually reviews the effectiveness of the Group’s corporate governance structure to assess whether any changes are necessary.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely, Mr. Mo Kwok Choi (Chairman of the Audit Committee), Mr. Yuen Kim Hung, Michael and Mr. Yung Ho.

The main duties of the Audit Committee are to review the quarterly, half-yearly and annual financial information of the Group and oversee the Group’s financial reporting system and internal control procedures.

The Audit Committee held four meetings during the Year and reviewed the financial results and reports, financial reporting and compliance procedures, risk management review and processes and the re-appointment of the external auditors. The Audit Committee has not taken a different view from the Board regarding the selection, appointment, resignation or dismissal of the external auditors.

The individual attendance record of each audit committee member at the meetings of the Audit Committee during the Year is set out below:

Name of directors	**Attendance/Number of Audit Committee Meetings**
Mr. Mo Kwok Choi	4/4
Mr. Yuen Kim Hung, Michael	4/4
Mr. Yung Ho	4/4

The audit committee reviewed the Group’s audited results for the Year and recommended its adoption by the Board.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of financial statements for each financial period with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgment and estimates made are prudent and reasonable.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on page 29 of this annual report.

REMUNERATION COMMITTEE

The Remuneration Committee was set up in March 2005, constituted by two independent non-executive directors, namely, Mr. Yuen Kim Hung, Michael (Chairman of the Remuneration Committee) and Mr. Yung Ho.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the Directors and senior management. The Remuneration Committee is also responsible for establishing formal and transparent procedures for developing such remuneration policy and structure.

Three meetings had been held during the Year to discuss remuneration related matters and recommended to the Board bonus payments and increment in salary and housing allowance (if any) for the executive directors and senior management staff by way of written resolutions passed by the committee. Both Mr. Yuen Kim Hung, Michael and Mr. Yung Ho attended all the meetings.

INDEPENDENT BOARD COMMITTEE

The Company established the Independent Board Committee on 14 December 2007 for the refreshment of the general mandate proposed in the Company's circular dated 14 December 2007. The Independent Board Committee comprised of Mr. Mo Kwok Choi, Mr. Yuen Kim Hung, Michael and Mr. Yung Ho, all of them being the independent non-executive directors. Mr. Mo Kwok Choi was appointed as chairman of the Independent Board Committee. The Independent Board Committee held one committee meeting during the Year.

NOMINATION COMMITTEE

The Company does not have a nomination committee. The power to nominate or appoint additional directors is vested on the Board according to the Articles of Association, in addition to the power of the shareholders to nominate any person to become a director of the Company in accordance with the Articles of Association of the Company and the laws of Hong Kong.

COMMUNICATIONS WITH SHAREHOLDERS

Under the CG Code, the chairman of the Board should attend the annual general meeting and arrange for the chairmen of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at any general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.

Whilst the Company endeavours to maintain an on-going dialogue with its shareholders, the chairman of the Company and the chairman of audit committee may not always be able to attend general meetings due to other important business engagements. Mr. Kong Siu Keung, being executive director of the Company, attended the annual general meeting on 17 August 2007 and the special general meeting on 4 January 2008 and was delegated to make himself available to answer questions if raised at the meetings. Mr. Yuen Kim Hung, Michael, a member of audit committee, was delegated to attend the same general meetings to answer questions if raised at the meetings. The absence of chairman of the Company in the annual general meeting and the absence of the chairman of audit committee in the general meetings constituted a deviation from the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions.

Having made specific enquiry with all the Directors, each of them confirms that he/she has complied in full with the required standard of dealings regarding directors' securities transactions throughout the year ended 31 March 2008.

INTERNAL CONTROL

The Board has overall responsibility for the establishment, maintenance and review of the Group's system of internal control. During the Year, the Board has conducted a review of and is satisfied with the effectiveness of the system of internal control of the Group.

AUDITORS' REMUNERATION

RSM Nelson Wheeler was appointed as the Company's external auditors with effect from 15 May 2006. The external auditors are primarily responsible for providing audit services in connection with the annual consolidated financial statements. During the Year, the total remuneration payable to RSM Nelson Wheeler amounted to HK$1,159,300 of which HK$560,000 was incurred for statutory audit and HK$599,300 was incurred for non-audit services which mainly included tax advisory services and the professional services in relation to the acquisition of subsidiaries and a potential acquisition exercise.

CONCLUSION

The Company strongly believes that good corporate governance can safeguard the effective allocation of resources and protect shareholders' interest. The management will continue to maintain, strengthen and improve the standard and quality of the Group’s corporate governance.

Report of the Directors

The board of directors of the Company (the "Board" or the "Directors") are pleased to present their report and the audited financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 33 to the financial statements. The core business of the Group is the trading of clinker and cement and other building materials.

RESULTS AND APPROPRIATIONS

The Group's profit for the year ended 31 March 2008 and the state of affairs of the Group as at that date are set out in the financial statements on pages 31 to 33.

The Directors do not recommend the payment of a final dividend.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the past five years ended 31 March 2008 is set out on pages 79 and 80. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in note 15 to the financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2008 are set out in note 33 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year, together with the reasons therefor, are set out in note 20 to the financial statements.

Report of the Directors

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the Companies Act 1981 of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALES OF LISTED SHARES OF THE COMPANY

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

RESERVES

Movements in reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 34 of the financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2008, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended from time to time) amounted to approximately HK$27.7 million (2007: Nil). The Company's share premium account, in the amount of approximately HK$48.8 million as at 31 March 2008 (2007: HK$3,908,000), may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's five largest customers accounted for approximately 86.6% of total sales and sales to the largest customer included therein accounted for approximately 20.8% of total sales. The Group had three suppliers for the Year and purchases from the largest supplier included therein accounted for approximately 99.6% of total purchases.

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

DIRECTORS

The directors of the Company during the Year were:

Executive directors:

Mr. Wong Ben Koon
Madam Hon Ching Fong
Mr. Kong Siu Keung

Independent non-executive directors:

Mr. Mo Kwok Choi
Mr. Yuen Kim Hung, Michael
Mr. Yung Ho

In accordance with clause 87 of the Company's bye-laws, Mr. Kong Siu Keung and Mr. Yung Ho will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on page 15 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Wong Ben Koon and Madam Hon Ching Fong have entered into service contracts with the Company commencing from 1 July 2001 which will continue thereafter until terminated by not less than three months' prior notice in writing given by either party to the other. Such notice may only be given at any time on or after the second anniversary of the commencement date of the service contracts.

Mr. Kong Siu Keung entered into a service contract with the Company commencing from 12 February 2004 which will continue thereafter until terminated by not less than three months' prior notice in writing given by either party to the other. Such notice may only be given at any time on or after the second anniversary of the commencement date of the service contract.

Mr. Mo Kwok Choi and Mr. Yuen Kim Hung, Michael have entered into service contracts with the Company commencing from 18 July 2001 and 7 January 2002, respectively. Such service contracts shall be terminable by, among other things, not less than two months' prior notice in writing given by either party to the other.

Mr. Yung Ho has entered into a service contract with the Company commencing from 1 September 2005 for a term of three years and is subject to termination by, among other matters, either party giving not less than one month's written notice.

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

Report of the Directors

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's Remuneration Committee with reference to the Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 32 to the financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party during the Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2008, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required 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 which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in ordinary shares of the Company

	Number of shares held, capacity and nature of interest			
Name of director	**Directly beneficially owned**	**Through controlled corporation**	**Total**	**Percentage of the Company's issued share capital**
Mr. Wong Ben Koon ("Mr. Wong")	533,851,060	319,176,000 *(Note)*	853,027,060	42.63%
Madam Hon Ching Fong ("Madam Hon")	-	319,176,000 *(Note)*	319,176,000	15.95%

Note:

Mr. Wong and Madam Hon are interested in the shares of the Company through their interests in Well Success Group Limited ("Well Success"), which is owned as to 25.2% by Mr. Wong, 16.4% by Mr. Ng Hon Fai (formerly a director of the Company) and 58.4% by Advance Success Limited ("Advance Success"). Advance Success is equally owned by Mr. Wong and Madam Hon. Mr. Wong is the sole director of Advance Success.

(b) Long positions in share options

Number of share options held by the Directors and chief executive of the Company as at 31 March 2008:

Name	Number of options held	Number of underlying shares
Mr. Wong	60,000,000	60,000,000
Dr. Jiang, Brent Zhiwei	30,000,000	30,000,000
Mr. Kong Siu Keung	24,000,000	24,000,000
	114,000,000	114,000,000

The details of share options held by the Directors and chief executive of the Company are disclosed in note 27 to the financial statements.

Mr. Wong has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company.

Save as disclosed above, as at 31 March 2008, so far as is known to any Directors or chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required 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 which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The details of the Company's share option scheme, the share options outstanding and the movements during the Year are disclosed in note 27 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as the share options holdings disclosed above, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company granted to any Director, or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Wong and Madam Hon have beneficial interests in Prosperity Minerals Group Limited, Max Start Holdings Limited and Max Will Profits Limited (collectively, the "Relevant Companies"), respectively. Mr. Wong is a director of the Relevant Companies and Madam Hon is a director of Prosperity Minerals Group Limited. As at 31 March 2008, the Relevant Companies indirectly hold interests in a number of companies engaged in the manufacture, warehouse and sale of clinker and cement in the PRC (the "Cement Companies"). Mr. Wong and Madam Hon confirmed that, up to the date of this annual report, all the products of the Cement Companies were sold in domestic market in the PRC without any export to overseas countries.

In view of the completely different target markets between the Group and the Cement Companies, the Board considers that there is no direct or indirect competition between the Group and the Cement Companies during the Year.

During the Year, the Group did not have any transactions with the Cement Companies.

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

So far as is known to any Director or chief executive of the Company, as at 31 March 2008, shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or 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, or who was interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions:

Name	*Notes*	**Capacity and nature of interest**	**Number of ordinary shares held**	**Percentage of the Company's issued share capital**
Mr. Wong	*(a) & (b)*	Directly beneficially owned	533,851,060	
		Interest of controlled corporation	319,176,000	
			853,027,060	42.63%
Well Success	*(a)*	Directly beneficially owned	319,176,000	15.95%
Advance Success	*(b)*	Through Well Success	319,176,000	15.95%
Madam Hon	*(a) & (b)*	Interest of controlled corporation	319,176,000	15.95%
Ms. Shing Shing Wai	*(c)*	Interest of substantial shareholder's spouse	853,027,060	42.63%
Harmony Asset Ltd.		Directly beneficially owned	233,000,000	11.64%
Mr. Li Yiu Keung		Directly beneficially owned	288,600,000	14.42%

Notes:

(a) The entire issued share capital of Well Success is beneficially owned as to 25.2% by Mr. Wong, as to 16.4% by Mr. Ng Hon Fai (formerly a director of the Company) and as to 58.4% by Advance Success.

(b) Advance Success is equally owned by Mr. Wong and Madam Hon. Mr. Wong is the sole director of Advance Success.

(c) Ms. Shing Shing Wai is the spouse of Mr. Wong.

Save as disclosed above, as at 31 March 2008, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or 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, or who was interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

MANAGEMENT CONTRACT

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

CONNECTED TRANSACTIONS

Details of the connected transactions are disclosed in note 32 to the financial statements in compliance with the requirements of Chapter 20 of the GEM Listing Rules.

COMPLIANCE WITH RULES 5.34 TO 5.45 OF THE GEM LISTING RULES

In the opinions of the Directors, the Company has complied with the board practices and procedures of Rules 5.34 to 5.45 of the GEM Listing Rules throughout the Year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

A full corporate governance report is set out on pages 16 to 21 of this annual report.

AUDITORS

The financial statements for the Year have been audited by RSM Nelson Wheeler who retires at the forthcoming annual general meeting of the Company and a resolution for their re-appointment as auditors of the Company will be proposed at the said meeting.

ON BEHALF OF THE BOARD
WONG Ben Koon
Chairman

Hong Kong, 26 June 2008

Independent Auditor's Report

RSM! Nelson Wheeler

中瑞岳華(香港)會計師事務所

Certified Public Accountants

TO THE SHAREHOLDERS OF

PROSPERITY INTERNATIONAL HOLDINGS (H.K.) LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Prosperity International Holdings (H.K.) Limited (the "Company") set out on pages 31 to 78, which comprise the consolidated balance sheet as at 31 March 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Independent Auditor's Report

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2008 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Nelson Wheeler
Certified Public Accountants

Hong Kong, 26 June 2008

Consolidated Income Statement

For the year ended 31 March 2008

	Note	2008 *HK$'000*	2007 *HK$'000*
Turnover	6	**648,611**	550,597
Cost of goods sold		**(596,679)**	(500,775)
Gross profit		**51,932**	49,822
Other income	7	**6,281**	8,439
Selling and distribution costs		**(16,694)**	(28,296)
Administrative expenses		**(14,530)**	(8,603)
Excess of fair value of net assets acquired over the cost of acquisition of subsidiaries	28(a)	**14,222**	–
Finance costs	9	**(1,187)**	(451)
Profit before tax		**40,024**	20,911
Income tax expense	10	**(1,491)**	(1,565)
Profit for the year attributable to equity holders of the Company	11	**38,533**	19,346
Earnings per share			
– basic (2007: restated)	14(a)	**2.2 cents**	1.4 cents
– diluted (2007: restated)	14(b)	**2.1 cents**	1.3 cents

Consolidated Balance Sheet

At 31 March 2008

	Note	2008 *HK$'000*	2007 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	**1,128**	147
Interests in an associate	*16*	**28,074**	12,681
Mining right	*17*	**192,640**	–
		221,842	12,828
Current assets			
Trade and bills receivables	*18*	**37,775**	47,534
Prepayments, deposits and other receivables		**5,240**	4,113
Pledged bank deposits	*19*	**9,032**	3,212
Bank and cash balances	*19*	**42,164**	18,613
		94,211	73,472
Total assets		**316,053**	86,300
EQUITY			
Capital and reserves			
Share capital	*20*	**20,012**	13,902
Reserves	*21*	**96,083**	9,227
Equity attributable to equity holders of the Company		**116,095**	23,129
Minority interests		**57,713**	–
Total equity		**173,808**	23,129
LIABILITIES			
Non-current liabilities			
Obligations under finance leases	*25*	**147**	–
Deferred tax liabilities	*26*	**48,160**	–
		48,307	–

Consolidated Balance Sheet

At 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
Current liabilities			
Trade and bills payables	22	**18,607**	41,632
Other payables		**66,176**	7,578
Due to a related company	23	**90**	90
Trade deposits received		**203**	2,000
Current tax liabilities		**18**	1,560
Bank borrowings	24	**8,679**	10,311
Current portion of obligations under finance leases	25	**165**	–
		93,938	63,171
Total liabilities		**142,245**	63,171
Total equity and liabilities		**316,053**	86,300
Net current assets		**273**	10,301
Total assets less current liabilities		**222,115**	23,129

Approved by the Board of Directors on 26 June 2008

Wong Ben Koon
Chairman and Executive Director

Kong Siu Keung
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

	Attributable to equity holders of the Company									
	Share capital	Share premium account	Foreign currency translation reserve	Contributed surplus	Share-based payment reserve	Other reserve	Retained profits/ (accumulated losses)	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	14,496	6,468	–	14,878	365	–	(30,084)	6,123	–	6,123
Profit for the year	–	–	–	–	–	–	19,346	19,346	–	19,346
Total recognised income and expense for the year	–	–	–	–	–	–	19,346	19,346	–	19,346
Repurchase of shares *(note 20(a))*	(594)	(2,560)	–	–	–	–	–	(3,154)	–	(3,154)
Recognition of share-based payments	–	–	–	–	814	–	–	814	–	814
	(594)	(2,560)	–	–	814	–	–	(2,340)	–	(2,340)
At 31 March 2007 and 1 April 2007	13,902	3,908	–	14,878	1,179	–	(10,738)	23,129	–	23,129
Translation differences	–	–	2,640	–	–	–	–	2,640	–	2,640
Net income recognised directly in equity	–	–	2,640	–	–	–	–	2,640	–	2,640
Profit for the year	–	–	–	–	–	–	38,533	38,533	–	38,533
Total recognised income and expense for the year	–	–	2,640	–	–	–	38,533	41,173	–	41,173
Transfer	–	–	–	–	–	50	(50)	–	–	–
Recognition of share-based payments	–	–	–	–	754	–	–	754	–	754
Acquisition of subsidiaries *(note 28(a))*	–	–	–	–	–	–	–	–	57,713	57,713
Issue of new shares *(note 20(b))*	6,110	44,929	–	–	–	–	–	51,039	–	51,039
	6,110	44,929	–	–	754	50	(50)	51,793	57,713	109,506
At 31 March 2008	20,012	48,837	2,640	14,878	1,933	50	27,745	116,095	57,713	173,808

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Note	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**38,533**	19,346
Adjustments for:			
Income tax expenses		**1,491**	1,565
Finance costs		**1,187**	451
Interest income		**(862)**	(305)
Excess of fair value of net assets acquired over the cost of acquisition of subsidiaries		**(14,222)**	–
Depreciation		**169**	11
Share-based payments		**754**	814
Impairment loss on receivables		**21**	–
Operating profit before working capital changes		**27,071**	21,882
Decrease in inventories		**–**	15,089
Decrease/(increase) in trade and bills receivables		**9,738**	(46,218)
Increase in prepayments, deposits and other receivables		**(328)**	(3,498)
(Decrease)/increase in trade and bills payables		**(23,025)**	32,962
(Decrease)/increase in other payables		**(2,186)**	5,183
Decrease in trade deposits received		**(1,797)**	(10,265)
Increase in amount due to a related company		**–**	67
Cash generated from operating activities		**9,473**	15,202
Income tax paid		**(3,033)**	(9)
Net cash generated from operating activities		**6,440**	15,193
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase)/decrease in pledged bank deposits		**(5,820)**	412
Interest received		**862**	305
Acquisition of subsidiaries	28(a)	**(12,712)**	–
Purchases of property, plant and equipment		**(461)**	(149)
Proceeds from disposal of property, plant and equipment		**8**	–
Interests in an associate		**(12,753)**	(12,681)
Net cash used in investing activities		**(30,876)**	(12,113)

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	2008	2007
	HK$'000	*HK$'000*
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loans raised	**17,896**	–
Repayment of bank loans	**(9,217)**	–
Repayment of obligations under finance leases	**(233)**	–
(Decrease)/increase in trust receipt loans	**(10,310)**	2,922
Finance lease charges paid	**(23)**	–
Interest paid	**(1,164)**	(451)
Proceeds from issue of shares	**53,322**	–
Share issue expenses paid	**(2,283)**	–
Repurchase of shares	**–**	(3,154)
Net cash generated from/(used in) financing activities	**47,988**	(683)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**23,552**	2,397
CASH AND CASH EQUIVALENTS AT 1 APRIL	**18,612**	16,215
CASH AND CASH EQUIVALENTS AT 31 MARCH	**42,164**	18,612
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**42,164**	18,613
Bank overdrafts	**–**	(1)
	42,164	18,612

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is Suites 1801-6, 18/F., Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 33 to the financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2007. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS") and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) "Capital Disclosures" and HKFRS 7 "Financial Instruments: Disclosures" retrospectively. Certain information presented in prior year under the requirements of HKAS 32 "Financial Instruments: Disclosure and Presentation" has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

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

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the subsidiary which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

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

Minority interests represent the interests of minority shareholders in the operating results and net assets of subsidiaries. Minority interests are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity. Minority interests are presented in the consolidated income statement as an allocation of profit or loss for the year between the minority and shareholders of the Company. Losses applicable to the minority in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the interests of the Group until the minority's share of losses previously absorbed by the Group has been recovered.

(b) Business combination and goodwill

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets, liabilities and contingent liabilities of the subsidiary in an acquisition are measured at their fair values at the acquisition date.

The excess of the cost of acquisition over the Group's share of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Business combination and goodwill (Cont'd)

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses of goodwill are recognised in consolidated income statement and are not subsequently reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

The interests of minority shareholders in the subsidiary is initially measured at the minority's proportion of the net fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities at the acquisition date.

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investment in an associate is accounted for in the consolidated financial statements by the equity method of accounting and is initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the consolidated income statement.

The Group's share of an associate's post-acquisition profits or losses is recognised in the consolidated income statement, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill relating to the associate which was not previously charged or recognised in the consolidated income statement and also any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the profit or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Plant and machinery	10% to 20%
Furniture, fixtures, equipment and motor vehicles	10% to 20%
Leasehold improvements	10%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

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

(f) Leases

(i) Operating leases

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

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the balance sheet as obligations under finance leases. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets over the their estimated useful lives.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Mining right

Mining right is stated at cost less accumulated amortisation and any impairment losses. The mining right will be amortised when the mining activities commence.

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in the income statement.

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

(i) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in the income statement.

Impairment losses are reversed in subsequent periods and recognised in the income statement when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(j) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out in (l) to (o) below.

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(m) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

– the amount of the obligations under the contracts, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

– the amount initially recognised less cumulative amortisation recognised in the income statement on a straight-line basis over the terms of the guarantee contracts.

(o) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from the sales of goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Commission and despatch income is recognised on an accrual basis.

Interest income is recognised on a time-proportion basis using the effective interest method.

(q) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all eligible employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to the income statement represents contributions payable by the Group to the funds.

(iii) Termination benefits

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

(r) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instrument at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

(t) Taxation

Income tax represents the sum of the current tax and deferred tax.

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Related parties

A party is related to the Group if:

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

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

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

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

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment revenue, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment. Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of property, plant and equipment, mining right, trade and bills receivables, prepayment, deposits and other receivables, pledged bank deposits and bank and cash balances. Segment liabilities comprise operating liabilities and exclude items such as current and deferred tax liabilities.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets except goodwill and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase.

(x) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present 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 expenditures 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 is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow is remote.

(y) Event after the balance sheet date

Event after the balance sheet date that provide additional information about the Group's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Event after the balance sheet date that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that has the most significant effect on the amounts recognised in the financial statements.

Fair value of shares issued for acquisition of subsidiaries

As described in note 28(a) to the financial statements, the board of Directors considered that the published price at the date of exchange of the shares to be issued for the acquisition of subsidiaries is not a suitable indicator of the fair value of the shares due to thinness of the market of the Company's issued shares. The board of Directors adopted approximately HK$0.12 per share as the fair value of shares to be issued by the Company at the date of exchange based on a fair value assessment made by the board of Directors, taking into consideration of all aspects of the acquisition and significant factors influencing the negotiations.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Mine reserve

Mine reserve is estimates of the amount of product that can be economically and legally extracted from the mining site. In order to calculate the mine reserve, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, production costs, transport costs, commodity demand and commodity prices.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Because the economic assumptions used to estimate the mine reserve change from period to period, and because additional geological data is generated during the course of operations, estimates of the mine reserves may change from period to period. As mentioned in note 28(a) to the financial statements, the fair value of mining right is determined provisionally based on the information of mine reserve available by the balance sheet date. Changes in estimated mine reserve may affect the Group's financial results and financial position in a number of ways, including the following:

– The carrying value of mining right and excess of fair value of net assets acquired over the cost of acquisition of subsidiaries recognised in the income statement may be affected due to changes in estimated future cash flows.

– The carrying value of deferred tax liabilities may change due to changes in estimates of the likely provision of the income tax expenses.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONT'D)

(b) Income taxes

Significant estimates are required in determining the provision for income tax and deferred tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Share-based payment expenses

The fair value of the share options granted to the eligible participants of the Group under an eligible participants share option scheme as detailed in note 27 to the financial statements determined at the grant dates is expensed on a straight-line basis over the vesting period. In assessing the fair value of the share options, the Black-Scholes-Merton option pricing model (the "Black-Scholes-Merton Model") was used. The Black-Scholes-Merton Model is one of the generally accepted methodologies used to calculate the fair value of the share options. The Black-Scholes-Merton Model requires the input of subjective assumptions, including the expected volatility, expected dividend yield and expected life of share options. Any changes in these assumptions can significantly affect the estimate of the fair value of the share options.

5. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars ("HK$") and United States dollars ("US$"). As such, the Group currently does not consider that there is a need to have a foreign currency hedging policy in respect of foreign currency transactions. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amount of the bank and cash balances, pledged bank deposits, trade and bills receivables, prepayment, deposits and other receivables included in the consolidated balance sheet represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

As at 31 March 2008, the three largest trade and bills receivables represent approximately 62% of the total trade and bills receivables. The Group was exposed to the concentration of credit risk. In order to minimise the credit risk, the Group maintains various credit policies for business operations as described in note 18 to the financial statements.

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

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000
At 31 March 2008		
Bank borrowings	8,679	–
Obligations under finance leases	182	151
Trade and bills payables	18,607	–
Other payables	44,320	–
Due to a related company	90	–
At 31 March 2007		
Bank borrowings	10,311	–
Trade and bills payables	41,632	–
Other payables	7,578	–
Due to a related company	90	–

(d) Interest rate risk

The Group's exposure to interest rate risk mainly arises from its bank deposits and bank borrowings. All the Group's balances with banks are short term in nature. Any future variations in interest rates will not have a significant impact on the results of the Group and therefore no sensitivity analysis has been presented. The directors consider that the interest rate risk on obligations under finance leases is immaterial to the Group.

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated balance sheet approximate their respective fair values.

6. TURNOVER

The Group was principally engaged in the trading of clinker and cement and other building materials in current year. The Group's turnover represents the sales of goods to customers, net of discounts and returns.

7. OTHER INCOME

	2008	2007
	HK$'000	*HK$'000*
Commission received	**1,129**	2,183
Despatch income	**3,788**	4,710
Interest income	**862**	305
Net foreign exchange gains	**108**	107
Others	**394**	1,134
	6,281	8,439

8. SEGMENT INFORMATION

(a) Primary reporting format – business segments

The Group is organised into two main business segments.

(i) Clinker and cement and other building materials – trading of clinker and cement and other building materials.

(ii) Granite and granite products – exploration, exploitation and processing of granite and selling of granite products.

There are no sales or other transactions among the business segments.

	Clinker and cement and other building materials		Granite and granite products		Corporate and unallocated		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER	**648,611**	550,597	**–**	–	**–**	–	**648,611**	550,597
Segment results	**28,205**	16,649	**–**	–	**–**	–	**28,205**	16,649
Unallocated expenses							**(7,497)**	(3,726)
Other income							**6,281**	8,439
Excess of fair value of net assets acquired over the cost of acquisition of subsidiaries							**14,222**	–
Finance costs							**(1,187)**	(451)
Income tax expense							**(1,491)**	(1,565)
Profit for the year							**38,533**	19,346
ASSETS								
Segment assets	**88,860**	73,222	**197,546**	–	**–**	–	**286,406**	73,222
Interests in an associate							**28,074**	12,681
Unallocated assets							**1,573**	397
Total assets							**316,053**	86,300
LIABILITIES								
Segment liabilities	**32,321**	60,491	**140**	–	**–**	–	**32,461**	60,491
Unallocated liabilities							**109,784**	2,680
Total liabilities							**142,245**	63,171
OTHER INFORMATION								
Capital expenditure	**343**	149	**–**	–	**663**	–	**1,006**	149
Depreciation	**59**	9	**–**	–	**110**	2	**169**	11
Share-based payments	**–**	–	**–**	–	**754**	814	**754**	814
Impairment losses on receivables	**21**	–	**–**	–	**–**	–	**21**	–

8. SEGMENT INFORMATION (CONT'D)

(b) Secondary reporting format – geographical segments

In determining the Group's geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of assets.

Year ended 31 March 2008

	Europe	Asia except The People's Republic of China (the "PRC")	The PRC	Others	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	126,408	461,392	–	60,811	–	648,611
ASSETS						
Segment assets	–	88,860	197,546	–	–	286,406
Interests in an associate	–	–	–	–	28,074	28,074
Unallocated assets	–	–	–	–	1,573	1,573
Total assets	–	88,860	197,546	–	29,647	316,053
OTHER INFORMATION						
Capital expenditure	–	1,006	–	–	–	1,006

Year ended 31 March 2007

	Europe	Asia except the PRC	Others	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER	196,727	282,074	71,796	–	550,597
ASSETS					
Segment assets	–	73,222	–	–	73,222
Interests in an associate	–	–	–	12,681	12,681
Unallocated assets	–	–	–	397	397
Total assets	–	73,222	–	13,078	86,300
OTHER INFORMATION					
Capital expenditure	–	149	–	–	149

9. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Interest on bank loans	**1,164**	451
Finance lease charges	**23**	–
	1,187	451

10. INCOME TAX EXPENSE

	2008	2007
	HK$'000	*HK$'000*
Hong Kong Profits Tax – current	**1,491**	1,565

Hong Kong Profits Tax has been provided at a rate of 17.5% (2007: 17.5%) on the estimated assessable profit for the year ended 31 March 2008.

Taxation charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The income tax expense can be reconciled to the profit before tax as follows:

	2008	2007
	HK$'000	*HK$'000*
Profit before tax	**40,024**	20,911
Tax at Hong Kong Profits Tax rate of 17.5% (2007: 17.5%)	**7,004**	3,659
Tax effect of net income that is not taxable in determining taxable profit	**(6,774)**	(2,635)
Tax effect of unrecognised temporary differences	**(7)**	(8)
Tax effect of tax loss not recognised	**1,268**	549
Income tax expense	**1,491**	1,565

11. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2008	2007
	HK$'000	*HK$'000*
Auditor's remuneration	560	420
Cost of inventories sold	454,402	361,913
Depreciation	169	11
Impairment loss on receivables	21	–
Operating lease rentals in respect of land and buildings	955	177
Staff costs including directors' emoluments		
Salaries, bonus, allowances and other costs	9,750	6,877
Share-based payments	754	814
Retirement benefits scheme contributions	349	164
	10,853	7,855

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments disclosed pursuant to the Listing Rules and section 161 of the Hong Kong Companies Ordinance are as follows:

	2008	2007
	HK$'000	*HK$'000*
Fees		
Independent non-executive directors	292	292
Other emoluments:		
Executive directors		
– Basic salaries, allowances and benefits in kind	2,385	2,424
– Retirement benefits scheme contributions	83	58
	2,760	2,774

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONT'D)

The emoluments of each director for the years ended 31 March 2008 and 2007 are set out below:

	Fees	Salaries and allowances	Discretionary bonus	Share-based payments	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Name of director						
Mr. WONG Ben Koon	**–**	**540**	**–**	**235**	**27**	**802**
Madam HON Ching Fong	**–**	**120**	**–**	**–**	**6**	**126**
Mr. KONG Siu Keung	**–**	**990**	**500**	**–**	**50**	**1,540**
Mr. MO Kwok Choi	**120**	**–**	**–**	**–**	**–**	**120**
Mr. YUEN Kim Hung, Michael	**88**	**–**	**–**	**–**	**–**	**88**
Mr. YUNG Ho	**84**	**–**	**–**	**–**	**–**	**84**
Total for 2008	**292**	**1,650**	**500**	**235**	**83**	**2,760**
Mr. WONG Ben Koon	–	–	–	729	–	729
Mr. NG Hon Fai (Note (a))	–	100	–	–	5	105
Madam HON Ching Fong	–	120	–	–	6	126
Mr. KONG Siu Keung	–	900	575	–	47	1,522
Mr. MO Kwok Choi	120	–	–	–	–	120
Mr. YUEN Kim Hung, Michael	88	–	–	–	–	88
Mr. YUNG Ho	84	–	–	–	–	84
Total for 2007	292	1,120	575	729	58	2,774

Note: (a) Resigned on 16 August 2006.

During the year, Mr. WONG Ben Koon, executive director of the Company, has agreed to waive his remuneration of HK$180,000 (2007: HK$720,000).

During the year ended 31 March 2007, Mr. NG Hon Fai, executive director of the Company, has agreed to waive his remuneration of HK$50,000.

Save as disclosed above, there was no other arrangement under which a director waived or agreed to waive any remuneration during the year.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONT'D)

The five highest paid individuals in the Group during the year included two (2007: two) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three (2007: three) individuals are set out below:

	2008	2007
	HK$'000	*HK$'000*
Basic salaries and allowances	**3,616**	1,645
Discretionary bonus	**1,020**	2,306
Share-based payments	**520**	85
Retirement benefits scheme contributions	**181**	83
	5,337	4,119

The emoluments fell within the following bands:

	Number of individuals	
	2008	2007
Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$4,000,000	**–**	1

During the year, no emoluments were paid by the Group to any of the highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

13. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK$1,000 per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contribution under the scheme.

14. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated based on the Group's profit attributable to the equity holders of the Company for the year of approximately HK$38,533,000 (2007: HK$19,346,000) and the weighted average number of ordinary shares of 1,725,334,994 (2007: 1,391,123,830, as adjusted to reflect the share subdivision in January 2008) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is calculated based on the Group's profit attributable to the equity holders of the Company for the year of approximately HK$38,533,000 (2007: HK$19,346,000) and the weighted average number of ordinary shares of 1,830,004,762 (2007: 1,442,716,350, as adjusted to reflect the share subdivision in January 2008), being the weighted average number of ordinary shares of 1,725,334,994 (2007: 1,391,123,830, as adjusted to reflect the share subdivision in January 2008) in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 104,669,768 (2007: 51,592,520, as adjusted to reflect the share subdivision in January 2008) assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the year.

15. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Furniture, fixtures, equipment and motor vehicles	Leasehold improvements	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost				
At 1 April 2006	–	25	2	27
Additions	–	149	–	149
At 31 March 2007 and at 1 April 2007	–	174	2	176
Additions	–	755	251	1,006
Acquisition of subsidiaries (note 28(a))	152	–	–	152
Disposals	–	(9)	–	(9)
At 31 March 2008	152	920	253	1,325
Accumulated depreciation				
At 1 April 2006	–	17	1	18
Charge for the year	–	10	1	11
At 31 March 2007 and at 1 April 2007	–	27	2	29
Charge for the year	–	153	16	169
Disposals	–	(1)	–	(1)
At 31 March 2008	–	179	18	197
Carrying amount				
At 31 March 2008	152	741	235	1,128
At 31 March 2007	–	147	–	147

At 31 March 2008, the carrying amount of property, plant and equipment held by the Group under finance leases was approximately HK$537,000 (2007: HK$Nil) (Note 25).

16. INTERESTS IN AN ASSOCIATE

	2008	2007
	HK$'000	*HK$'000*
Share of net assets other than goodwill	**27,733**	12,340
Goodwill	**341**	341
Unlisted investment	**28,074**	12,681

Details of the Group's associate at 31 March 2008 are as follows:

Name	**Place of incorporation**	**Particulars of registered capital**	**Percentage of interest held**	**Principal activities**
Jiang Du Haichang Port Industrial Company Limited ("Jiang Du Haichang")	The PRC	Renminbi ("RMB")100 million	25%	Not yet commenced business

Summarised financial information in respect of the Group's associate is set out below:

	Assets	**Liabilities**	**Equity**	**Revenue**	**Profit**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
2008					
100 per cent	**110,933**	**1**	**110,932**	**–**	**–**
Group's effective interest	**27,733**	**–**	**27,733**	**–**	**–**

	Assets	Liabilities	Equity	Revenue	Profit
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2007					
100 per cent	49,360	–	49,360	–	–
Group's effective interest	12,340	–	12,340	–	–

17. MINING RIGHT

	HK$'000
Cost and carrying amount	
At 1 April 2006 and 31 March 2007	–
Acquisition of subsidiaries *(note 28(a))*	192,640
At 31 March 2008	192,640

The mining right represents the mining permit of a granite mining site located in the PRC.

No amortisation has been provided for the year as the mining activity has not yet commenced.

18. TRADE AND BILLS RECEIVABLES

The Group receives from each customer for clinker and cement trading an irrevocable documentary credit issued at sight by a bank undertaking payment to the Group upon the presentation of relevant documents as required by the issuing bank. The Group's trading terms with other customers are mainly on credit. The credit terms generally range from 30 to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The aging analysis of trade and bills receivables, based on the invoice date, and net of allowance, is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 to 90 days	**37,775**	47,511
91 to 180 days	**–**	–
181 to 365 days	**–**	–
Over 365 days	**–**	23
	37,775	47,534

18. TRADE AND BILLS RECEIVABLES (CONT'D)

As of 31 March 2008, no trade receivables was past due (2007: HK$23,000 were past due but not impaired). The aging analysis of these trade receivables is as follows:

	2008	2007
	HK$'000	*HK$'000*
Over 1 year	**–**	23

19. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

Bank deposits of approximately HK$2,591,000 (2007: HK$Nil) bear interest at fixed interest rate of 3.2% and therefore are subject to fair value interest rate risk. The remaining bank deposits of approximately HK$48,429,000 (2007: HK$21,768,000) bear interests at rate varies with the then prevailing market condition, which expose to cash flow interest rate risk.

The Group's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group as set out in note 30 to the financial statements.

Included in bank and cash balances is an amount of approximately HK$991,000 as at 31 March 2008 (2007: HK$ Nil) denominated in RMB. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

20. SHARE CAPITAL

	Note	**Number of shares**	**Amount** *HK$'000*
Authorised:			
Ordinary shares of HK$0.01 (2007: HK$0.1) each			
At 1 April 2006 and 31 March 2007		1,000,000,000	100,000
Share subdivision	*(c)*	9,000,000,000	–
At 31 March 2008		10,000,000,000	100,000
Issued and fully paid:			
Ordinary shares of HK$0.01 (2007: HK$0.1) each			
At 1 April 2006		144,961,106	14,496
Repurchase of shares	*(a)*	(5,944,000)	(594)
At 31 March 2007		139,017,106	13,902
Issue of shares on placement	*(b)*	61,100,000	6,110
Share subdivision	*(c)*	1,801,053,954	–
At 31 March 2008		2,001,171,060	20,012

20. SHARE CAPITAL (CONT'D)

Notes:

(a) During the period from 4 April 2006 to 10 April 2006, the Company repurchased and cancelled 5,944,000 of its own shares through purchases on the Stock Exchange. The total amount paid to acquire the shares was approximately HK$3,154,000 and has been deducted from the share capital and share premium account.

(b) On 10 July 2007, the Company and Oriental Patron Asia Limited entered into a placing agreement in respect of the placement of 27,800,000 ordinary shares of HK$0.1 each to independent investors of HK$0.84 per share. The placement was completed on 24 July 2007 and the premium on the issue of shares of approximately HK$19,838,000, net of share issue expenses, was credited to the Company's share premium account.

On 10 October 2007, the Company and Oriental Patron Asia Limited entered into a placing agreement in respect of the placement of 33,300,000 ordinary shares of HK$0.1 each to independent investors of HK$0.90 per share. The placement was completed 26 October 2007 and the premium on the issue of shares of approximately HK$25,091,000, net of share issue expenses, was credited to the Company's share premium account.

(c) Pursuant to an ordinary resolution passed on 4 January 2008, each ordinary share of HK$0.1 each in the issued and unissued share capital of the Company were subdivided into ten ordinary shares of HK$0.01 each in the issued and unissued share capital of the Company.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

During 2008, the Group's strategy, which was unchanged from 2007, was to maintain a capital structure with a lowest weighted average cost of capital. The debt-to-equity ratio at 31 March 2008 and at 31 March 2007 were 5% and 45%, respectively.

21. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

Nature and purpose of reserves

(a) Share premium account

The application of the share premium account is governed by the Companies Act of Bermuda.

(b) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

The reserve is dealt with in accordance with the accounting policies set out in note 3(d)(iii) to the financial statements.

(c) Contributed surplus

The contributed surplus of the Group arose as a result of the Group reorganisation implemented in preparation for the listing of the Company's shares in 2001 and represented the difference between the nominal value of the aggregate share capital of the subsidiaries acquired under the reorganisation scheme, over the nominal value of the share capital of the Company issued in exchange therefore.

(d) Share-based payment reserve

The fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 3(r) to the financial statements.

(e) Other reserve

The other reserve, which is non-distributable, is appropriated from the profit after tax of the Group's Macau subsidiary under the Macao Commercial Code.

22. TRADE AND BILLS PAYABLES

The aging analysis of trade and bills payables, based on the date of receipt of goods, is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 to 90 days	**18,607**	41,620
91 to 180 days	**–**	–
181 to 365 days	**–**	12
	18,607	41,632

23. DUE TO A RELATED COMPANY

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

24. BANK BORROWINGS

	2008	2007
	HK$'000	*HK$'000*
Bank loans	**8,679**	–
Bank overdrafts	**–**	1
Secured trust receipt loans	**–**	10,310
	8,679	10,311

All bank borrowings are repayable within one year.

The carrying amounts of the bank borrowings are denominated in the following currencies:

	HK$	**US$**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
2008			
Bank loans	**2,669**	**6,010**	**8,679**
2007			
Bank overdrafts	1	–	1
Secured trust receipt loans	–	10,310	10,310
	1	10,310	10,311

24. BANK BORROWINGS (CONT'D)

The range of effective interest rate at 31 March were as follows:

	2008	2007
Bank loans	**3.3% to 5.0%**	N/A
Bank overdrafts	**N/A**	8.8%
Secured trust receipt loans	**N/A**	7.1% to 7.8%

All bank borrowings are arranged at floating rate, thus exposing the Group to cash flow interest rate risk.

25. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		**Present value of minimum lease payments**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**182**	–	**165**	–
In the second to fifth years, inclusive	**151**	–	**147**	–
	333	–	**312**	–
Less: future finance charges	**(21)**	–	**N/A**	N/A
Present value of lease obligations	**312**	–	**312**	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(165)**	–
			147	–

The lease is arranged at a term of 2 years.

At 31 March 2008, the borrowing rate was 3.0% (2007: Nil). The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are effectively secured as the rights to the leased assets (Note 15) revert to the lessor in the event of default. All finance lease obligations are denominated in HK$.

26. DEFERRED TAX LIABILITIES

	HK$'000
At 1 April 2006 and 31 March 2007	–
Acquisition of subsidiaries *(note 28(a))*	48,160
At 31 March 2008	48,160

27. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries. The Scheme became effective on 25 August 2003 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. 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. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue 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 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 14 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 a date which is not later than five years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

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 the offer of the share options; (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 on the date of the offer.

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

27. SHARE-BASED PAYMENTS (CONT'D)

Details of the shares options granted and outstanding during the year are as follows:

Name or category of participant	Number of options outstanding as at 1 April 2007	Granted during the year	Subdivision during the year (a)	Number of options outstanding as at 31 March 2008	Date of grant of share options	Options period (c)	Exercise price of share options (a)	Price of share at date of grant of options (a) and (b)
							HK$	*HK$*
Directors								
Mr. KONG Siu Keung	2,400,000	–	21,600,000	24,000,000	30 July 2004	9 August 2004 to 27 June 2014	0.023	0.023
Mr. WONG Ben Koon	6,000,000	–	54,000,000	60,000,000	14 August 2006	15 August 2006 to 27 June 2016	0.078	0.068
	8,400,000	–	75,600,000	84,000,000				
Other employees								
2004 options	2,400,000	–	21,600,000	24,000,000	30 July 2004	9 August 2004 to 27 June 2014	0.023	0.023
2005 options	3,000,000	–	27,000,000	30,000,000	28 July 2005	8 August 2005 to 27 June 2015	0.034	0.034
2007 options	–	3,000,000	27,000,000	30,000,000	20 August 2007	31 August 2007 to 20 June 2017	0.093	0.098
	5,400,000	3,000,000	75,600,000	84,000,000				
	13,800,000	3,000,000	151,200,000	168,000,000				

27. SHARE-BASED PAYMENTS (CONT'D)

	2008		2007	
	Number of share options (a)	**Weighted average exercise price (a)** *HK$*	Number of share options (a)	Weighted average exercise price (a) *HK$*
Outstanding at the beginning of year	**138,000,000**	**0.049**	78,000,000	0.027
Granted during the year	**30,000,000**	**0.093**	60,000,000	0.078
Outstanding at the end of year	**168,000,000**	**0.057**	138,000,000	0.049
Exercisable at the end of year	**138,000,000**	**0.049**	78,000,000	0.027

The options outstanding at the end of the year have a weighted remaining contractual life of 7 years (2007: 8 years).

During the year, 3,000,000 (2007: 6,000,000) share options were granted to the chief executive officer (2007: a director).

Save for the above, no share options were granted, exercised, cancelled, or lapsed under the Scheme during the year.

(a) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital, and accordingly, has been adjusted for the share subdivision in January 2008.

Pursuant to an ordinary resolution passed on 4 January 2008, each issued and unissued share of HK$0.1 each were subdivided into ten shares of HK$0.01 each. Accordingly, the numbers of the share options and the exercise prices of the share options as shown above have been adjusted for the subdivision of shares. The prices of the Company's shares at the grant dates of the option shown above have also been adjusted for the share subdivision, in order to provide a meaningful comparison.

27. SHARE-BASED PAYMENTS (CONT'D)

(b) The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.

(c) The options granted to directors and employees on 30 July 2004 and 28 July 2005 shall not be exercisable unless the Group achieved a positive net profit in any financial year after the date of grant of such options and in any event such options shall not be exercised within 18 months from 28 June 2004 for options granted on 30 July 2004, within 18 months from 28 June 2005 for options granted on 28 July 2005. The options granted to the director on 14 August 2006 shall not be exercisable within 12 months from 28 June 2006. The options granted to an employee on 20 August 2007 shall not be exercisable within 12 months from 21 June 2007.

The fair values of the share options which are estimated as at the respective dates of grant using the Black-Scholes-Merton Model and the assumptions used in the model are as follows:

Date of grant	**20 August 2007**	**14 August 2006**	**28 July 2005**	**30 July 2004**
Option value	HK$692,718	HK$964,161	HK$170,000	HK$280,000
Variables:				
Expected volatility	93.4%	82.4%	30.3%	44.8%
Risk-free rate	4.3%	4.2%	3.2%	3.1%
Expected life of options (years)	5.3	1.5	3.0	3.0
Expected dividend yield	15%	10.0%	Nil	Nil

Expected volatility was based on the historical volatility of the share prices of the Group over a period that is equal to the expect life before the grant date for options granted on 14 August 2006 and 20 August 2007 and 130 trading days before the grant date for options granted on 28 July 2005 and 30 July 2004.

The expected life of options granted on 30 July 2004, 28 July 2005 and 14 August 2006 was determined with reference to the Group's historical share price record. The expected life of options granted on 20 August 2007 was determined by average out the contractual life and vesting term of the shares options.

The expected dividend yield was based on the Group's historical dividend payment record, financial conditions and its intention of paying dividend.

28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of subsidiaries

On 31 March 2008, the Group acquired 60% of the issued share capital (the "Sales Shares") of WM Aalbrightt Investment Holdings (Hong Kong) Limited ("WM Aalbrightt"), an investment holding company, which directly holds 100% equity interest in Guilin Star Brite Stone Materials Co. Ltd. ("Guilin Star Brite"). Guilin Star Brite holds a mining right and is principally engaged in exploration, exploitation and processing of granite and selling of granite products. The consideration, before expenses, of approximately HK$70,646,000 (equivalent to RMB62,000,000) was satisfied by cash of approximately HK$48,790,000 (equivalent to RMB44,500,000) and by allotting 183,750,000 (as adjusted to reflect the share subdivision in January 2008) new shares of HK$0.01 each of the Company at an issue price of approximately HK$0.12 per share.

In accordance to the sales and purchases agreement, a deposit of approximately HK$15,750,000 (equivalent to RMB15,000,000) was paid during the year. The balance of cash consideration of approximately HK$33,040,000 (equivalent to RMB29,500,000) shall be paid and the consideration shares shall be allotted and issued to the vendor within fourteen business days from the date of the Group's acknowledgement receipt of the renewal mining right permit of the mining site in the PRC, expected to be issued in 2008. The mining right acquired by the Group through the acquisition of subsidiaries will be expired in September 2008. The vendor has undertaken to procure the Group to renew the mining permit upon expiry. If the mining permit cannot be renewed, the vendor shall repurchase or procure the repurchase of all of the Sales Shares (the "Repurchase Shares") and all the shareholders loans advanced by the Group to WM Aalbrightt and its subsidiary (note 31(b)), plus a premium calculated at a rate of 3-month HIBOR on date of repurchase by the vendor plus 3% per annum for the period from 31 March 2008 until the date of instrument of transfer and contract notes for the transfer of Repurchase Shares within twenty business days of the expiry date of the mining permit. Details have been disclosed in the circular of the Company dated 14 December 2007. The board of Directors sought consultation from the PRC lawyer and the PRC lawyer considers that there is no material legal obstacle for Guilin Star Brite to renew the mining permit.

The adoption of approximately HK$0.12 per share as the fair value of shares to be issued by the Company at the date of exchange was based on a fair value assessment by the board of Directors, taking into consideration of all aspects of the acquisition and significant factors influencing the negotiations. The board of Directors considered the published price at the date of exchange of the shares issued for the acquisition is not a suitable indicator of fair value of the shares due to thinness of the market of the Company's issued shares.

28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

(a) Acquisition of subsidiaries (Cont'd)

The net assets acquired in the transaction, are as follows:

	Acquiree's carrying amount before combination *HK$'000*	Fair value adjustment *HK$'000*	Fair value *HK$'000*
Net assets acquired:			
Property, plant and equipment *(note 15)*	152	–	152
Mining right *(note 17)*	–	192,640	192,640
Prepayments, deposits and other receivables	800	–	800
Bank and cash balances	3,954	–	3,954
Other payables	(5,102)	–	(5,102)
Deferred tax liabilities *(note 26)*	–	(48,160)	(48,160)
NET ASSETS	(196)	144,480	144,284
Minority interests			(57,713)
Excess of fair value of net assets acquired over the cost of acquisition of subsidiaries			(14,222)
Total consideration			72,349
Total consideration, satisfied by			
Share consideration, at fair value			21,856
Cash consideration			48,790
Direct cost relating to the acquisition			1,703
			72,349
Net cash outflow arising on acquisition			
Cash consideration paid			(15,750)
Direct cost relating to the acquisition paid			(916)
Bank and cash balances acquired			3,954
			(12,712)

28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

(a) Acquisition of subsidiaries (Cont'd)

The fair value of the mining right acquired through the acquisition of subsidiaries is determined provisionally based on the information available by the balance sheet date. Further study on the mining reserve may result in a change of the fair value the mining right and the fair value of share consideration.

There was no contribution to the Group's revenue and profit before tax by the new subsidiaries during the year because the acquisition was completed on the balance sheet date.

If the acquisitions had been completed on 1 April 2007, total Group turnover would have been increased by approximately HK$43,000 and profit for the year would have been decreased by approximately HK$1,213,000. The proforma information is for illustrative purposes only and is not necessarily an indicative turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor is it intended to be a projection of future results.

(b) Major Non Cash Transactions

Save as disclosed elsewhere in these financial statements, the major non cash transactions of the Group are as follows:

(i) additions of property, plant and equipment during the year of approximately HK$545,000 (2007: Nil) were financed by finance leases.

(ii) included in other payables are the consideration and direct cost totalled approximately HK$55,683,000 payable for the acquisition of WM Aalbrightt.

29. CONTINGENT LIABILITIES

As at 31 March 2008, the Group did not have any significant contingent liabilities (2007: Nil).

30. BANKING FACILITIES

As at 31 March 2008, the Group's banking facilities were secured by:

(a) the charge over certain bank deposits (note 19) of the Group;
(b) corporate guarantee of the Company;
(c) corporate guarantee of a subsidiary; and
(d) personal guarantee executed by a director, Mr. Wong Ben Koon of the Company.

As at 31 March 2007, the Group's banking facilities were secured by:

(a) the charge over certain bank deposits (note 19) of the Group;
(b) corporate guarantee of the Company;
(c) corporate guarantee of a subsidiary;
(d) corporate guarantee of a related company in which Mr. Wong Ben Koon and Madam Hon Ching Fong, directors of the Company, have beneficial interests;
(e) the charge over two properties held by two related companies in which Mr. Wong Ben Koon has beneficial interest; and
(f) personal guarantee executed by two directors, Mr. Wong Ben Koon and Madam Hon Ching Fong of the Company.

31. COMMITMENTS

As at 31 March 2008, the Group had the following commitments:

(a) Operating lease commitments – as lessee

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2008	2007
	HK$'000	*HK$'000*
Within one year	**37**	135

Operating lease payments represent rentals payable by the Group for an office premises and a staff quarter (for the year ended 31 March 2007). Leases are negotiated for a term of one year and rentals are fixed over the lease terms and do not included contingent rentals.

31. COMMITMENTS (CONT'D)

(b) Capital and other commitments

	2008 HK$'000	2007 HK$'000
Contracted but not provided for acquisition of property, plant and equipment	**1,374**	580
Capital contribution to		
– an associate	**–**	12,594
– a subsidiary *(Note)*	**13,200**	–

Note:

Pursuant to the sales and purchase agreement for the acquisition of WM Aalbrightt, the Group shall within 3 months after the date of completion provide approximately HK$13,200,000 (equivalent to RMB12,000,000) to WM Aalbrightt as a shareholder's loan (note 28(a)).

32. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following material related party transactions:

		2008 HK$'000	2007 HK$'000
(a)	Rental expenses paid to Cheong Sing Merchandise Agency Limited ("CMAL")#	**–**	68
	Rental expenses paid to Prosperity Materials (International) Limited ("PMIL")*	**604**	28
	Due to CMAL#	**90**	90

The rental expenses were charged with reference to the open market values as determined by the directors.

* The Group shared the office premises rented by PMIL. The rental expenses were charged in proportion to the area of office premises utilised by the Group on the rental of the office premises.

Mr. Wong Ben Koon and Madam Hon Ching Fong, directors of the Company, are also the directors of and have beneficial interest in CMAL and PMIL.

32. RELATED PARTY TRANSACTIONS (CONT'D)

(b) As at 27 December 2006, the Group has issued a guarantee and an indemnity (the "Guarantee") to the landlord of PMIL in respect of a letter of undertaking and a tenancy agreement entered into between the landlord and PMIL on 27 December 2006 and 1 March 2007 respectively. On 27 December 2006, a letter of guarantee was issued to the Group by PMIL, a related company and a director of the Company to cover all potential liability that may arise from the Guarantee. Mr. Wong Ben Koon and Madam Hon Ching Fong, have beneficial interests in PMIL and the related company.

As 31 March 2007, the monthly lease charge is approximately HK$314,000 for a period of thirty-four months. The directors consider that it is very unlikely that a claim will be made against the Group under the Guarantee. Hence, no contingent liability is disclosed in respect of the Guarantee. Based on a valuation report issued by BMI Appraisals Limited, independent professionally qualified valuers, the fair value of the Guarantee at date of issue was nominal.

On 12 June 2007, the Guarantee was unconditionally released by the landlord.

(c) Compensation of key management personnel

	2008	2007
	HK$'000	*HK$'000*
Directors' fees	**292**	292
Basic salaries, allowances and benefits in kind	**4,970**	2,424
Retirement benefits scheme contributions	**168**	58
	5,430	2,774

33. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2008 are as follows:

Name	Place of incorporation/ registration and operation	Issued and fully paid-up capital/ registered capital	Attributable equity interest held by the Company		Principal activities
			Direct	Indirect	
Profit World Ventures Limited	British Virgin Islands ("BVI")	20,000 ordinary shares of US$1 each	100%	–	Investment holding
Prosperity Trading Limited	Hong Kong ("HK")	10,000 ordinary shares of HK$1 each	–	100%	Trading of building materials
Prosperity Cement (Asia) Limited	HK	2 ordinary shares of HK$1 each	–	100%	Trading of clinker and cement
Prosperity Cement Shipping Limited	BVI	2 ordinary shares of US$1 each	–	100%	Dormant
Prosperity Cement (Asia) Limited – Macao Commercial Offshore*	Macau	100,000 ordinary shares of MOP$1 each	–	100%	Trading of clinker and cement
Prosperity Resources (Asia) Limited	HK	2 ordinary shares of HK$1 each	–	100%	Dormant

33. PRINCIPAL SUBSIDIARIES (CONT'D)

Name	Place of incorporation/ registration and operation	Issued and fully paid-up capital/ registered capital	Attributable equity interest held by the Company Direct	Attributable equity interest held by the Company Indirect	Principal activities
Success Top Enterprise Limited	HK	2 ordinary shares of HK$1 each	–	100%	Dormant
Sharp Advance International Limited	BVI	1 ordinary share of US$1 each	–	100%	Investment holding
WM Aalbrightt	HK	100,000 ordinary shares of HK$1 each	–	60%	Investment holding
Guilin Star Brite	PRC	Registered capital US$3,000,000	–	60%	Exploration, exploitation and processing of granite and selling of granite products

* Formerly known as Prosperity Development Limited – Macao Commercial Offshore

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of Directors on 26 June 2008.

Summary Financial Information

The following is a summary of the published results and of the assets and liabilities of the Group prepared on the bases set out in note below:

	Year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Turnover	**648,611**	550,597	159,587	–	–
Profit/(loss) before tax	**40,024**	20,911	11,157	(3,457)	(4,559)
Income tax expense	**(1,491)**	(1,565)	(4)	–	–
Profit/(loss) from continuing operation	**38,533**	19,346	11,153	(3,457)	(4,559)
Loss from discontinued operation	**–**	–	(4,362)	(34,320)	(25,962)
Profit/(loss) for the year	**38,533**	19,346	6,791	(37,777)	(30,521)
Attributable to:					
Equity holders of the Company	**38,533**	19,346	6,791	(36,621)	(27,765)
Minority interests	**–**	–	–	(1,156)	(2,756)
	38,533	19,346	6,791	(37,777)	(30,521)

Summary Financial Information

	As at 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Non-current assets	**221,842**	12,828	9	47,002	61,200
Current assets	**94,211**	73,472	36,859	27,402	52,027
Current liabilities	**(93,938)**	(63,171)	(30,745)	(81,068)	(87,949)
Non-current liabilities	**(48,307)**	–	–	(19,253)	(15,924)
Total equity	**173,808**	23,129	6,123	(25,917)	9,354
Attributable to:					
Equity holders of the Company	**116,095**	23,129	6,123	(25,917)	7,503
Minority interests	**57,713**	–	–	–	1,851
	173,808	23,129	6,123	(25,917)	9,354

Amounts disclosed in the summary financial information for prior years were extracted from the annual report for the year ended 31 March 2007.