Sustainable Forest Holdings Limited
永保林業控股有限公司*

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010

The board of directors (the "Board" or "Directors") of Sustainable Forest Holdings Limited (the "Company") hereby present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010 together with the comparative figures for the last corresponding year as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2010

	Note	**2010** ***HK$'000***	2009 *HK$'000* (Restated)
CONTINUING OPERATIONS			
REVENUE	*5*	**263,063**	–
Cost of sales		**(144,197)**	–
GROSS PROFIT		**118,866**	–
Other income	*6*	**4,089**	1,491
Other net gain	*6*	**233**	–
Selling and distribution costs		**(3,191)**	–
Administrative expenses		**(42,760)**	(15,409)
Other operating expenses	*7*	**(6,059)**	(230)
Change in fair value of biological assets less estimated point-of-sale costs	*8*	**369,980**	–
Gain on extinguishment of convertible note		**–**	204,831
Gain on extinguishment of promissory note		**–**	88,090

* *For identification purposes only*

	Note	2010 HK$'000	2009 HK$'000 (Restated)
PROFIT FROM OPERATIONS	9	**441,158**	278,773
Finance income		**957**	1,141
Finance costs		**(11,912)**	(62,921)
Net finance costs	9a	**(10,955)**	(61,780)
PROFIT BEFORE TAXATION		**430,203**	216,993
Income tax	10	**(132,833)**	(16)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**297,370**	216,977
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	11	**(23,027)**	(249,717)
PROFIT/(LOSS) FOR THE YEAR		**274,343**	(32,740)
ATTRIBUTABLE TO:			
Owners of the Company		**273,303**	(12,707)
Non-controlling interests		**1,040**	(20,033)
		274,343	(32,740)
Earnings/(loss) per share			
From continuing and discontinued operations	12		
– Basic		**19.64 cents**	(2.53) cents
– Diluted		**6.60 cents**	(2.53) cents
From continuing operations	12		
– Basic		**21.37 cents**	43.19 cents
– Diluted		**7.18 cents**	43.12 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2010

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Profit/(loss) for the year	**274,343**	(32,740)
Other comprehensive (loss)/ income		
Exchange difference on translation of financial statements of overseas subsidiaries	**792**	486
Reclassification adjustment for exchange difference relating to disposal of overseas subsidiaries	**(3,185)**	–
Gain on revaluation of buildings	**–**	52
	(2,393)	538
Income tax relating to components of other comprehensive income	**–**	–
Other comprehensive (loss)/ income for the year, net of tax	**(2,393)**	538
Total comprehensive income/(loss) for the year	**271,950**	(32,202)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**270,898**	(12,363)
Non-controlling interests	**1,052**	(19,839)
	271,950	(32,202)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**201,293**	1,736
Interests in leasehold land held for own use under operating leases		**–**	–
Intangible assets	*13*	**–**	–
Biological assets	*8*	**833,323**	–
Goodwill	*14*	**1,686,883**	–
Deposit for acquisition of subsidiaries		**–**	15,500
Deposit for purchase of property, plant and equipment		**9,541**	–
		2,731,040	17,236
CURRENT ASSETS			
Inventories	*15*	**253,050**	11,576
Trade and other receivables	*16*	**14,290**	50,728
Tax recoverable		**–**	299
Pledged bank deposits		**–**	50,500
Cash and cash equivalents		**36,820**	64,438
		304,160	177,541
Assets classified as held for sale	*17*	**303,036**	43,183
		607,196	220,724
CURRENT LIABILITIES			
Trade and other payables	*18*	**125,059**	26,404
Bank loans and overdrafts		**209**	16,306
Consideration payables		**93,933**	–
Provision for taxation		**7,354**	1,077
Promissory notes	*19*	**24,617**	–
		251,172	43,787
Liabilities associated with assets classified as held for sale	*17*	**98,923**	13,831
		350,095	57,618
NET CURRENT ASSETS		**257,101**	163,106

	2010	2009
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,988,141**	180,342
NON-CURRENT LIABILITIES		
Bank loans	**297**	–
Amounts due to shareholders	**117,936**	–
Amounts due to related companies	**54,091**	–
Deferred tax liabilities	**309,187**	–
Convertible note	**–**	–
	481,511	–
NET ASSETS	**2,506,630**	180,342
CAPITAL AND RESERVES		
Share capital	**322,855**	21,511
Reserves	**2,183,713**	144,717
Total equity attributable to the owners of the Company	**2,506,568**	166,228
Non-controlling interests	**62**	14,114
TOTAL EQUITY	**2,506,630**	180,342

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

Pursuant to a special resolution passed by the shareholders of the Company at the special general meeting held on 21 January 2010, and the approval by the Registrar of the Companies in Bermuda on 26 January 2010, the name of the Company has been changed from "Bright Prosperous Holdings Limited" to "Sustainable Forest Holdings Limited" with the adoption of the new Chinese name "永保林業控股有限公司" in replacement of "晉盈控股有限公司" for identification propose. The stock short names for trading the shares of the Company on the Stock Exchange has been changed from "BRIGHT PROSPER" to "SUSTAIN FOREST" in English and from "晉盈控股" to "永保林業" in Chinese with effect from 26 February 2010.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprised tree felling service, sustainable forest management, Chita forests operation, building materials supply and installation, real estate development and mining.

2. STATEMENT OF COMPLIANCE

The Group's consolidated financial statements up to 31 March 2009 had been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). Pursuant to the acquisition of Amplewell Holdings Limited ("Amplewell") and its subsidiaries at 31 July 2009 ("Amplewell Group") (note 20), the Group's operations extend to Brazil and Russia. The directors considered that it is more appropriate for the Group to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") for the year ended 31 March 2010 in order to have a consistent and better presentation of the financial position and performance of the Group and unified the accounting policies within the members of the Group. The Group prepared its consolidated financial statements in accordance with IFRSs with effect from this financial year and converted the comparative financial information for the year ended 31 March 2009 to be in accordance with IFRSs. These financial statements also comply with the applicable disclosure provision of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance.

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

IFRS 1 sets out the procedures that the Group must follow when it adopts IFRSs for the first time as the basis for preparing its consolidated financial statements. The Group is required to establish its IFRSs accounting policies for the year ended 31 March 2010 and in general, apply these retrospectively to determine the IFRSs opening balance at its date of transition, i.e. 1 April 2008.

When preparing these consolidated financial statements, management has adopted certain accounting, valuation and consolidation methods to comply with IFRSs. The consolidated financial statements prepared under HKFRSs for the year ended 31 March 2009 have been converted into IFRSs accordingly. The conversion from HKFRSs to IFRSs did not result in material impact on the Group equity, loss and cash flows for the corresponding year.

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

The consolidated financial statements are presented in Hong Kong Dollar ("HK$"). Unless otherwise specifically stated, all amounts are presented in thousand. Hong Kong dollar is the Company's functional and presentation currency.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current year, the Group has applied all of the new and revised Standards, Amendments and Interpretations issued by the International Accounting Standards Board (IASB) that are relevant to its operations and effective for annual periods beginning on or after 1 April 2009. In addition, the Group has early applied IFRS 3 (revised in 2008) Business Combinations and IAS 27 (revised in 2008) Consolidated and Separate Financial Statements in advance of their effective dates. The new and revised Standards, Amendments and Interpretations adopted in the current year are referred to as new and revised IFRSs.

The impact of the application of the new and revised IFRSs is discussed below. The impact on basic and diluted earnings per share is discussed in note 12.

(a) New and revised IFRSs affecting presentation and disclosure only

(i) IAS 1 (revised in 2007) Presentation of Financial Statements

IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

(ii) IFRS 8 Operating Segments

IFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments (see note 4).

(iii) Improving Disclosures about Financial Instruments

(Amendments to IFRS 7 Financial Instruments: Disclosures)

The amendments to IFRS 7 expand the disclosures required in relation to fair value measurements and liquidity risk. The Group has not presented comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

(iv) IAS 27 (revised in 2008) Consolidated and Separate Financial Statements

IAS 27 (2008) has been adopted in advance of its effective date (annual periods beginning on or after 1 July 2009) and has been applied retrospectively (subject to specified transitional provisions). The revised Standard has resulted in changes in the Group's accounting policies regarding changes in ownership interests in subsidiaries of the Group. The new accounting policies in relation to changes that take place on or after 1 April 2009 in accordance with the relevant transitional provision.

IAS 27 (2008) has been adopted in advance of its effective date (annual periods beginning on or after 1 July 2009) and has been applied retrospectively (subject to specified transitional provisions). The revised Standard has resulted in changes in the Group's accounting policies regarding changes in ownership interests in subsidiaries of the Group. The new accounting policies in relation to changes in ownership interests in subsidiaries have been applied prospectively to changes that take place on or after 1 April 2009 in accordance with the relevant transitional provisions.

In prior years, in the absence of specific requirements in IFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in existing subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

Under IAS 27 (2008), increases or decreases in ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, IAS 27 (2008) requires that the Group derecognize all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

The adoption of the revised Standard has no impact on the financial statements.

(v) IAS 38 (amendment) Intangible Assets

The amendment is part of the International Accounting Standards Board's annual improvements project published in April 2009 and the Group and Company applied the IAS 38 (amendment) at the same time from the date of IFRS 3 (revised in 2008) Business Combinations is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group or Company's financial statements.

(b) New and revised IFRS affecting the financial performance and/or financial position

IFRS 3 (revised in 2008) Business Combinations

IFRS 3 (2008) has been adopted in advance of its effective date (business combinations for which the acquisition date is on or after the beginning of the annual period beginning on or after 1 July 2009. Specifically, IFRS 3 (2008) has been applied prospectively to business combinations for which the acquisition date is on or after 1 April 2009 in accordance with the relevant transitional provisions. The adoption of IFRS 3 (2008) has affected the accounting for business combinations in the current year.

The impact of the adoption of IFRS 3 (2008) has been:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the identifiable net assets of the acquiree. In the current year, in accounting for the acquisition of Amplewell, the Group has elected to measure the non-controlling interests at the non-controlling interests' share of the identifiable net assets at the date of acquisition;

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

- where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, to require the recognition of a settlement gain or loss; and

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

  In the current year, these changes in policies have affected the accounting for the acquisition of Amplewell, as follows:

		2010
		HK$'000
(i)	Consolidated income statement – Acquisition-related costs expensed when incurred charged to consolidated income statement leading to a decrease in profit for the year as a result of the adoption of IFRS 3 (2008)	**5,922**
(ii)	Consolidated statement of financial position – Acquisition-related costs expensed when incurred leading to additional goodwill recognised as a result of the adoption of IFRS 3 (2008)	**5,922**

4. SEGMENT REPORTING

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

Continuing Operations

Tree felling service: provision of tree felling and clearing services.

Sustainable forest management: Sustainable management of and investment in natural forests, timber and wood processing, timber trading and timber sales and marketing.

Discontinued Operations

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

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

Chita forests operation: logging, timber and wood processing, timber trading and timber sales and marketing.

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

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

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

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

(a) Segment results, assets and liabilities

An analysis of the Group's reportable segment is reported below:

	2010							
	Continuing operations			Discontinued operations				
	Tree felling service	Sustainable forest management	Sub-total	Building materials	Real estate	Chita forests operation	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue								
Revenue from external customers	**237,073**	**25,990**	**263,063**	**77,381**	**123**	**2,013**	**79,517**	**342,580**
Reportable segment profit/ (loss) before tax	**117,842**	**341,398**	**459,240**	**1,076**	**(442)**	**(13,126)**	**(12,492)**	**446,748**
Change in fair value of biological assets less estimated point-of-sale costs	–	369,980	369,980	–	–	–	–	369,980
Depreciation	–	(306)	(306)	(49)	(46)	(2,201)	(2,296)	(2,602)
Written off of other receivables	–	(137)	(137)	–	–	–	–	(137)
Write-down of inventories	–	–	–	–	(206)	–	(206)	(206)
Amortisation of land lease payment	–	–	–	–	(3)	–	(3)	(3)
Amortisation of intangible assets	–	–	–	–	–	(6,540)	(6,540)	(6,540)
Interest income	–	924	924	–	5	–	5	929
Interest expense	–	(4,489)	(4,489)	(41)	–	(666)	(707)	(5,196)
Reportable segment assets	**235,441**	**2,776,116**	**3,011,557**	**–**	**–**	**303,036**	**303,036**	**3,314,593**
Additions to non-current segment assets	**–**	**4,951**	**4,951**	**15**	**–**	**1,881**	**1,896**	**6,847**
Reportable segment liabilities	**90,272**	**299,692**	**389,964**	**–**	**–**	**98,923**	**98,923**	**488,887**

	2009				
	Discontinued operations				
	Building materials *HK$'000*	Real estate *HK$'000*	Mining *HK$'000*	Home appliance *HK$'000*	Total *HK$'000*
Segment revenue					
Revenue from external customers	162,641	5,054	10,366	–	178,061
Reportable segment profit/(loss) before tax	3,653	(13,780)	(93,907)	1	(104,033)
Impairment of trade receivables	–	–	(899)	–	(899)
Depreciation	(37)	(88)	(83)	–	(208)
Write-down of inventories	–	(10,356)	–	–	(10,356)
Amortisation of intangible assets	–	–	(95,303)	–	(95,303)
Amortisation of land lease premium	–	(5)	–	–	(5)
Interest income	–	17	–	–	17
Interest expense	(377)	–	–	–	(377)
Reportable segment assets	48,549	51,867	–	–	100,416
Additions to non-current segment assets	90	83	22	–	195
Reportable segment liabilities	24,830	9,423	–	–	34,253

(b) Reconciliations of reportable segment profit or loss, assets and liabilities and other items:

(i) Profit

	2010 **HK$'000**	2009 *HK$'000*
Reportable segment profit before tax	**459,240**	–
Unallocated corporate income	**283**	1,491
Depreciation and amortisation	**(345)**	(357)
Unallocated corporate expenses	**(21,585)**	(15,282)
Gain on extinguishment of convertible note	**–**	204,831
Gain on extinguishment of promissory note	**–**	88,090
Unallocated interest income	**33**	1,141
Unallocated interest expense	**(7,423)**	(62,921)
Profit before taxation (continuing operations)	**430,203**	216,993

(ii) *Assets*

		2010	2009
		HK$'000	*HK$'000*
Segment assets for reportable segments from continuing operations		**3,011,557**	–
Segment assets from discontinued operations	*17*	**303,036**	100,416
		3,314,593	100,416
Unallocated:			
– Unallocated corporate assets		**23,643**	137,544
Total assets per consolidated statement of financial position		**3,338,236**	237,960

(iii) *Liabilities*

		2010	2009
		HK$'000	*HK$'000*
Segment liabilities for reportable segments from continuing operations		**389,964**	–
Segment liabilities for reportable segments from discontinued operations	*17*	**98,923**	33,176
		488,887	33,176
Unallocated:			
– Provision for taxation		**7,354**	1,077
– Deferred tax liabilities		**309,187**	–
– Unallocated corporate liabilities		**26,178**	23,365
Total liabilities per consolidated statement of financial position		**831,606**	57,618

(iv) *Other material items*

	Continuing operations				Discontinued operations						
	Tree felling service	Sustainable forest management	Unallocated	Sub-total	Building materials	Real estate	Chita forests operation	Mining	Unallocated	Sub-total	Total
	2010										
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Depreciation	**-**	**306**	**345**	**651**	**49**	**46**	**2,201**	**-**	**-**	**2,296**	**2,947**
Interest income	**-**	**924**	**33**	**957**	**-**	**5**	**-**	**-**	**-**	**5**	**962**
Interest expense	**-**	**4,489**	**7,423**	**11,912**	**41**	**-**	**666**	**-**	**-**	**707**	**12,619**
	2009										
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation	–	–	357	357	37	88	–	83	–	208	565
Interest income	–	–	1,141	1,141	–	17	–	–	–	17	1,158
Interest expense	–	–	62,921	62,921	377	–	–	–	–	377	63,298

(c) **Revenue from major product and services:**

	Continuing operations		Discontinued operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Tree felling service income	**237,073**	–	**–**	–	**237,073**	–
Sales of timber and wood products	**25,990**	–	**1,637**	–	**27,627**	–
Revenue from construction contracts	**–**	–	**77,381**	155,884	**77,381**	155,884
Service fee income	**–**	–	**376**	–	**376**	–
Sales of properties	**–**	–	**123**	5,054	**123**	5,054
Sales of magnesium ore	**–**	–	**–**	10,366	**–**	10,366
Sales of building materials	**–**	–	**–**	6,757	**–**	6,757
	263,063	–	**79,517**	178,061	**342,580**	178,061

Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical location of customers is refers to the location at which the services were provided or the goods delivered. The Group's non-current assets include property, plant and equipment, biological assets, intangible assets and goodwill. The geographical location of property, plant and equipment and biological assets is based on the physical location of the asset under consideration. In the case of intangible assets and goodwill, the allocation is based on the location of operation.

	Revenue from external customers		Non-current assets	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		
Continuing operations				
Europe	**9,743**	–	**–**	–
North America	**3,505**	–	**–**	–
South America	**237,803**	–	**2,729,208**	–
Asia Pacific (other than Hong Kong)	**10,542**	–	**110**	–
Hong Kong (place of domicile)	**1,470**	–	**1,722**	–
	263,063	–	**2,731,040**	–
Discontinued operations				
Asia Pacific (other than Hong Kong)	**57,541**	178,061	**–**	17,236
Hong Kong (place of domicile)	**21,976**	–	**–**	–
	79,517	178,061	**–**	17,236
	342,580	178,061	**2,731,040**	17,236

Information about major customers

Revenues from customers contributing 10% or more of the total turnover of the Group are as follows:

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Customer A – revenue from tree felling service – Brazil	**237,073**	–
Discontinued operations		
Customer B – revenue from building materials – Macau	**53,162**	53,216
Customer C – revenue from building materials – Hong Kong	**15,010**	18,031
Customer D – revenue from building materials – Hong Kong	**5,650**	30,729
Customer E – revenue from building materials – Hong Kong	**–**	48,436

5. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts and revenue from tree felling services, construction contracts and other services.

An analysis of revenue is as follows:

	Continuing operations		**Discontinued operations**		**Consolidated**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Tree felling service income	**237,073**	–	**–**	–	**237,073**	–
Sales of timber and wood products	**25,990**	–	**1,637**	–	**27,627**	–
Revenue from construction contracts	**–**	–	**77,381**	155,884	**77,381**	155,884
Service fee income	**–**	–	**376**	–	**376**	–
Sales of properties	**–**	–	**123**	5,054	**123**	5,054
Sales of magnesium ore	**–**	–	**–**	10,366	**–**	10,366
Sales of building materials	**–**	–	**–**	6,757	**–**	6,757
	263,063	–	**79,517**	178,061	**342,580**	178,061

6. OTHER INCOME AND OTHER NET GAIN

	Continuing operations		Discontinued operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Other income						
Rental income	**270**	–	**171**	–	**441**	–
Others	**3,819**	1,491	**5,936**	1,562	**9,755**	3,053
	4,089	1,491	**6,107**	1,562	**10,196**	3,053
Other net gain						
Net exchange gain	**233**	–	**2,499**	4	**2,732**	4
Gain on disposal of a subsidiary	**–**	–	**–**	782	**–**	782
	233	–	**2,499**	786	**2,732**	786

7. OTHER OPERATING EXPENSES

	Continuing operations		Discontinued operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Acquisition of subsidiaries related costs	**5,922**	–	**–**	–	**5,922**	–
Written off of other receivables	**137**	–	**–**	–	**137**	–
Loss on disposal of property, plant and equipment	**–**	230	**7**	–	**7**	230
Amortisation of intangible assets	**–**	–	**–**	95,303	**–**	95,303
Write-down of inventories	**–**	–	**206**	10,356	**206**	10,356
	6,059	230	**213**	105,659	**6,272**	105,889

8. BIOLOGICAL ASSETS

	2010	2009
	HK$'000	*HK$'000*
At beginning of the year	**–**	–
Acquisition of subsidiaries *(note 20)*	**461,747**	–
Changes in fair value less estimated point-of-sale costs	**369,980**	–
Exchange movement	**1,596**	–
At end of the year	**833,323**	–

The Group's forest assets, acquired through the business combination of Amplewell Group, are located in the Northwest of Brazil, the State of Acre, Amazon Region (the "Brazil Forest"). As at 31 March 2010, the biological assets represented natural tropical forests. The total area of the Brazil Forest is approximately 44,500 hectares. Under the environmental laws in Brazil, 15% or 6,675 hectares of the Brazil Forest area is the permanent preservation area and therefore is restricted from logging. At least 80% of the remaining area is designated as the sustainable forest management area, and the balance is the permissible clear cut area that has no restriction on felling under the environmental laws of Brazil. In the sustainable forest management area, minimum impact logging techniques are used and forests are managed in a sustainable manner which means that the harvesting rate is below the overall natural growth of the forest. The main objective in sustainable forest management program is to ensure the substance of the forests be preserved. The maximum logging rate allowed under relevant regulations governing sustainable forest management is 30 m^3 per hectare, on average, over a 25 to 30-year harvesting cycle.

The Group did not carry out any harvesting activities during the year.

The Brazil Forest was independently valued by Greater China Appraisal Limited ("GCA"), an independent qualified professional valuer not connected with the Group. GCA is a member of the Hong Kong Institute of Surveyors and has experience in valuating similar forestry assets. GCA has adopted a discounted cash flow methodology in valuating the Brazil Forest. The following are the major assumptions used in the valuation:

(i) a logging volume of 21.5 m^3 per hectare in the sustainable forest management program area.

(ii) a discount rate of 14% based on the data and factors relevant to the economy of Brazil, the industry of forest business and the harvestable resources in the Brazil Forest, and the weighted average cost of capital.

(iii) for the first 30-year cycle, harvesting activities will begin from the calendar year 2011 and complete in 4 years. Revenue or costs from subsequent harvesting cycles are not taken into account.

(iv) average log price growth at 3% per annum in the next 5 years. The expected long term growth rate was estimated by reference to the GDP in Brazil.

(v) the Group will obtain Forest Stewardship Council ("FSC") certification in 2012. FSC certification demonstrates fulfillment of social and ecological criteria, while increasing the prices achievable for timber products. Based on current market practices, the directors estimate that the Group can enjoy a price premium of 15% over non FSC timber products from 2012 when the Group obtains the FSC certification.

The Group is exposed to a number of risks related to its natural forest.

(i) Regulatory and environmental risks

The Group is subject to laws and regulations in Brazil in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks. The directors are not aware of any environmental liabilities as at 31 March 2010.

(ii) Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of logs. When possible the Group manages this risk by controlling its harvesting volume, according to market conditions. Management performs regular industry trend analysis to ensure the Group's pricing policy is comparable to the market and the projected harvesting volumes are consistent with the expected demand.

9. PROFIT FROM OPERATIONS

The Group's profit from operations is arrived at after charging/(crediting):

	Note	Continuing operations 2010 HK$'000	Continuing operations 2009 HK$'000 (Restated)	Discontinued operations 2010 HK$'000	Discontinued operations 2009 HK$'000 (Restated)	Consolidated 2010 HK$'000	Consolidated 2009 HK$'000 (Restated)
(a) Net finance costs							
Finance income		**(957)**	(1,141)	**(5)**	(17)	**(962)**	(1,158)
Finance costs							
Interest on bank and other borrowings wholly repayable within five years		**32**	–	**707**	313	**739**	313
Interest on convertible note		**–**	45,963	**–**	–	**–**	45,963
Interest on promissory note		**7,423**	16,951	**–**	–	**7,423**	16,951
Interest on amounts due to shareholders		**2,638**	–	**–**	–	**2,638**	–
Interest on amounts due to related parties		**1,819**	–	**–**	64	**1,819**	64
Finance charges on obligations under finance leases		**–**	7	**–**	–	**–**	7
Total interest expenses on financial liabilities not at fair value through profit or loss		**11,912**	62,921	**707**	377	**12,619**	63,298
		10,955	61,780	**702**	360	**11,657**	62,140
(b) Staff costs							
Salaries, wages and other benefits		**18,068**	5,637	**3,101**	3,204	**21,169**	8,841
Pension scheme contributions		**136**	119	**23**	68	**159**	187
Equity-settled share-based payment expenses		**2,157**	–	**–**	–	**2,157**	–
		20,361	5,756	**3,124**	3,272	**23,485**	9,028
(c) Other items							
Cost of inventories sold*		**26,835**	–	**6,601**	13,487	**33,436**	13,487
Depreciation	*4*	**556**	357	**388**	208	**944**	565
Amortisation of land lease premium	*4*	**–**	–	**3**	5	**3**	5
Amortisation of intangible assets	*4*	**–**	–	**6,540**	95,303	**6,540**	95,303
Minimum lease payments under operating leases for land and buildings (including directors' quarters)		**1,882**	1,780	**647**	480	**2,529**	2,260
Auditor's remuneration							
– audit services		**1,295**	830	**784**	200	**2,079**	1,030
– other services		**653**	–	**–**	1,405	**653**	1,405
Impairment losses on trade receivables		**–**	–	**–**	899	**–**	899
Written off of other receivables		**137**	–	**–**	–	**137**	–

* Cost of inventories sold includes depreciation of HK$2,003,000 (2009: HK$Nil) and staff costs of HK$6,436,000 (2009: HK$Nil), the amount of which is also included in the respective total amounts disclosed separately above.

10. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

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

	Continuing operations		Discontinued operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Current tax						
– Hong Kong Profit Tax						
– Provision for the year	**7,354**	16	**–**	(7)	**7,354**	9
– Over provision in respect of previous years	**–**	–	**–**	(930)	**–**	(930)
	7,354	16	**–**	(937)	**7,354**	(921)
Current tax – Overseas						
– Provision for the year	**–**	–	**–**	1,796	**–**	1,796
– Over provision in respect of previous years	**–**	–	**(742)**	(316)	**(742)**	(316)
	–	–	**(742)**	1,480	**(742)**	1,480
Deferred tax						
– Origination and (reversal) of temporary differences	**125,479**	–	**(1,191)**	(3,522)	**124,288**	(3,522)
– Attributable to a change in tax rate	**–**	–	**–**	(2,622)	**–**	(2,622)
	125,479	–	**(1,191)**	(6,144)	**124,288**	(6,144)
	132,833	16	**(1,933)**	(5,601)	**130,900**	(5,585)

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) of the estimated assessable profits arising in Hong Kong.

Brazil income tax has been provided at the rate of 34% of the estimated assessable profits arising in Brazil.

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

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

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Profit before taxation		
– Continuing operations	**430,203**	216,993
– Discontinued operations *(note 11)*	**(24,960)**	(255,318)
	405,243	(38,325)
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**139,588**	8,758
Tax effect of non-taxable income	**(1,636)**	(48,562)
Tax effect of non-deductible expenses	**2,329**	34,139
Tax effect of unused tax losses not recognised	**1,310**	3,913
Over provision in prior year	**(742)**	(1,246)
Utilization of previously unrecognised tax losses	**(9,949)**	–
Tax effect of change in tax rate	**–**	(2,622)
Unrecognised temporary difference	**–**	35
Actual tax expense/(credit)	**130,900**	(5,585)

(c) Tax effect relating to each component of other comprehensive income

	2010			2009		
	Before tax amount	**Tax (expenses)/ benefit**	**Net-of-tax amount**	Before tax amount	Tax (expenses)/ benefit	Net-of-tax amount
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Exchange difference on translation of financial statements of overseas subsidiaries	**792**	**–**	**792**	486	–	486
Reclassification adjustment for exchange difference relating to disposal of overseas subsidiaries	**(3,185)**	**–**	**(3,185)**	–	–	–
Gain on valuation of buildings	**–**	**–**	**–**	52	–	52
	(2,393)	**–**	**(2,393)**	538	–	538

11. DISCONTINUED OPERATIONS

(a) For the year ended 31 March 2010

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

(ii) On 22 September 2009, the Company entered into a sale and purchase agreement with Mr. Goh Ee Bin, an independent third party, to dispose of the entire equity interest in Leadprime Limited and its subsidiaries, Anex Properties Holdings Limited and Ancen Properties Limited, (collectively "Leadprime Group") for a consideration of HK$18,182,000. Leadprime Group was principally engaged in the real estate business. The disposal was completed on 30 September 2009.

(iii) On 15 December 2009, Anex Construction and Engineering Holdings Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with United Marble Company Limited, a non-controlling shareholder of two subsidiaries, United Anex Engineering Limited and United Anex (Macau) Limited, to dispose of its entire equity interest in Anex Far East Limited and its subsidiaries (collectively "Anex Far East Group") for a consideration of HK$8,280,000. Anex Far East Group was principally engaged in the building material business. The disposal was completed on 24 March 2010.

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

(v) In February 2010, the management of the Group have commenced negotiations to dispose of the Chita forests operation in Russia. On 1 March 2010, Amplewell entered into a letter of intent with an independent third party to dispose of the Group's entire equity interest in issued share capital of a subsidiary, namely OOO "Zabaikalskaya Lesnaya Kompaniya" ("ZLK") which held 99.9% equity interest in OOO "Novoles" ("Novoles") (collectively "ZLK Group"). ZLK Group was principally engaged in forestry business in Russia.

(b) For the year ended 31 March 2009

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

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

The operations of Ling Kit Group, Anco Group, Joyful Rise Group, Leadprime Group, Anex Far East Group, Idealboom Group and ZLK Group are classified as discontinued operations and the losses arising from discontinued operations are analysed as follows:

	2010	2009
	HK$'000	*HK$'000*
Loss on discontinued operations for the year	**(10,559)**	(98,432)
Loss on disposal of discontinued operations *(note 21)*	**(12,468)**	(151,285)
	(23,027)	(249,717)

The results of the discontinued operations which have been included in the consolidated income statement up to the dates of disposals are as follows:

		2010			
	Note	Building materials HK$'000	Real estate HK$'000	Chita forests operation HK$'000	Total HK$'000
Revenue	5	77,381	123	2,013	79,517
Cost of sales		(73,771)	(10)	(15,487)	(89,268)
Gross profit/(loss)		3,610	113	(13,474)	(9,751)
Other income	6	1,026	29	5,052	6,107
Other net gain	6	–	–	2,499	2,499
Selling and distribution costs		–	–	(183)	(183)
Administration expenses		(3,519)	(383)	(6,347)	(10,249)
Other operating expenses	7	–	(206)	(7)	(213)
		(3,519)	(589)	(6,537)	(10,645)
Profit/(loss) from operations		1,117	(447)	(12,460)	(11,790)
Finance income		–	5	–	5
Finance costs		(41)	–	(666)	(707)
Net finance (costs)/income	9(a)	(41)	5	(666)	(702)
Profit/(loss) before tax		1,076	(442)	(13,126)	(12,492)
Income tax	10(a)	742	52	1,139	1,933
		1,818	(390)	(11,987)	(10,559)
Loss on disposal of discontinued operations before tax		(3,246)	(9,222)	–	(12,468)
Income tax		–	–	–	–
Loss on disposal of discontinued operations, net of tax	11(a)	(3,246)	(9,222)	–	(12,468)
Loss from discontinued operations		(1,428)	(9,612)	(11,987)	(23,027)
Attributable to:					
Owners of the Company		(2,545)	(9,500)	(11,987)	(24,032)
Non-controlling interests		1,117	(112)	–	1,005
		(1,428)	(9,612)	(11,987)	(23,027)
Cash flow from discontinued operations					
Net cash generated from/(used in) operating activities		23	(282)	9,104	8,845
Net cash generated from/(used in) investing activities		4,522	(70)	(1,753)	2,699
Net cash used in financing activities		(12,306)	–	(7,351)	(19,657)
		(7,761)	(352)	–	(8,113)

	Note	2009 Building materials HK$'000	Real estate HK$'000	Mining HK$'000	Home appliance HK$'000	Total HK$'000
Revenue	5	162,641	5,054	10,366	–	178,061
Cost of sales		(153,255)	(3,790)	(4,521)	–	(161,566)
Gross profit		9,386	1,264	5,845	–	16,495
Other income	6	279	1,013	270	–	1,562
Other net gain	6	782	–	–	4	786
Selling and distributions costs		(442)	(3,638)	(2,520)	–	(6,600)
Administration expenses		(5,975)	(2,080)	(2,199)	(3)	(10,257)
Other operating expenses	7	–	(10,356)	(95,303)	–	(105,659)
		(6,417)	(16,074)	(100,022)	(3)	(122,516)
Profit/(loss) from operations		4,030	(13,797)	(93,907)	1	(103,673)
Finance income		–	17	–	–	17
Finance costs		(377)	–	–	–	(377)
Net finance (costs)/income	*9(a)*	(377)	17	–	–	(360)
Profit/(loss) before tax		3,653	(13,780)	(93,907)	1	(104,033)
Income tax	*10(a)*	(736)	7,105	(768)	–	5,601
		2,917	(6,675)	(94,675)	1	(98,432)
Loss on disposal of discontinued operations before tax		–	–	(113,943)	(37,342)	(151,285)
Income tax		–	–	–	–	–
Loss on disposal of discontinued operations, net of tax	*11(b)*	–	–	(113,943)	(37,342)	(151,285)
Profit/(loss) from discontinued operations		2,917	(6,675)	(208,618)	(37,341)	(249,717)
Attributable to:						
Owners of the Company		2,225	(4,885)	(189,683)	(37,341)	(229,684)
Non-controlling interests		692	(1,790)	(18,935)	–	(20,033)
		2,917	(6,675)	(208,618)	(37,341)	(249,717)
Cash flow from discontinued operations						
Net cash generated from/(used in) operating activities		21,874	(900)	(2,817)	–	18,157
Net cash (used in)/generated from investing activities		(93)	9	(148)	(1)	(233)
Net cash used in financing activities		(600)	–	–	–	(600)
		21,181	(891)	(2,965)	(1)	17,324

The carrying amounts of the assets and liabilities of the discontinued operations at the date of disposal are disclosed in note 21.

12. EARNINGS/(LOSS) PER SHARE

(a) For continuing and discontinued operations

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

	2010	2009
	HK$'000	*HK$'000*
Earnings/(loss)		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share		
– Profit/(loss) attributable to owners of the Company	**273,303**	(12,707)

	2010	2009
	'000	*'000*
		(Restated)
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,391,453**	502,421
Effect of dilutive potential ordinary shares arising from conversion of convertible preference shares	**2,749,320**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**4,140,773**	502,421

The share options had no dilutive effect on the basic earnings per share for the year ended 31 March 2010. Diluted loss per share is equal to the basic loss per share for the year ended 31 March 2009 because the outstanding bonus warrants and convertible note had an anti-dilutive effect on the basic loss per share for the year ended 31 March 2009.

(b) For continuing operations

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

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to owners of the Company	**297,335**	216,977

	2010	2009
	'000	*'000*
		(Restated)
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,391,453**	502,421
Effect of dilutive potential ordinary shares arising from conversion of convertible preference shares	**2,749,320**	–
Effect of dilutive potential ordinary shares arising from outstanding warrants	**–**	807
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,140,773**	503,228

The share options had no dilutive effect on the basic earnings per share for the year ended 31 March 2010.

(c) For discontinued operations

(i) Basic loss per share

Basic loss per share for the discontinued operations is HK1.73 cents per share (2009: HK45.72 cents per share) which is based on the loss from the discontinued operations of HK$24,032,000 (2009: HK$229,684,000) and the denominators used are same as those detailed above for basic and diluted earnings/(loss) per share from continuing and discontinued operations.

(ii) Diluted loss per share

Diluted loss per share is equal to the basic loss per share for the year ended 31 March 2010 because the outstanding convertible preference shares had an anti-dilutive effect on the basic per share. The share options had no dilutive effect on the basic loss per share for the year ended 31 March 2010.

Diluted loss per share is equal to the basic per share for the year ended 31 March 2009 because the outstanding bonus warrants and convertible note had an anti-dilutive effect on the basic loss per share for the year ended 31 March 2009.

(d) Impact on application of IFRS3 (revised in 2008) Business Combinations

The impact on application of IFRS3 (revised in 2008) Business Combinations are described in detail in note 3(b). The impact on application of IFRS3 (revised in 2008) Business Combinations on both basic and diluted earnings per share is as follows:

	Decrease in basic earnings per share		**Decrease in diluted earnings per share**	
	2010	2009	**2010**	2009
	HK cents per share	*HK cents per share*	***HK cents per share***	*HK cents per share*
For continuing and discontinued operations	**0.43**	–	**0.14**	–
For continuing operations	**0.43**	–	**0.14**	–
For discontinued operations	**–**	–	**–**	–

13. INTANGIBLE ASSETS

	Timber concession rights *HK$'000*	Mining rights *HK$'000*	Total *HK$'000*
Cost			
At 1 April 2008	–	2,033,130	2,033,130
Disposal of subsidiaries	–	(2,033,130)	(2,033,130)
At 31 March and 1 April 2009	–	–	–
Acquisition of subsidiaries *(note 20)*	168,182	–	168,182
Exchange movement	312	–	312
Classified as assets held for sale *(note 17)*	(168,494)	–	(168,494)
At 31 March 2010	–	–	–
Accumulated amortisation			
At 1 April 2008	–	10,589	10,589
Charge for the year	–	95,303	95,303
Disposal of subsidiaries	–	(105,892)	(105,892)
At 31 March and 1 April 2009	–	–	–
Charge for the year	6,540	–	6,540
Exchange movement	7	–	7
Classified as assets held for sale *(note 17)*	(6,547)	–	(6,547)
At 31 March 2010	–	–	–
Carrying amount			
At 31 March 2010	–	–	–
At 31 March 2009	–	–	–

Timber concession rights

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

The timber concession licences have finite life and will expire between 2012 and 2032. Under the terms of the timber concession licences, the Group has the right to carry out harvesting activities. In addition, the Group is required to pay royalties to the respective forestry services departments in Russia at a pre-determined fixed sum calculated based on the volume by species allowed to be harvested each year.

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

Mining rights

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

14. GOODWILL

	2010 HK$'000	2009 HK$'000
Cost		
At beginning of the year	–	7,284
Arising from acquisition of subsidiaries *(note 20)*	**1,686,883**	–
Disposal of subsidiaries	–	(2,327)
Classified as assets held for sale	–	(4,957)
At end of the year	**1,686,883**	–
Accumulated impairment losses		
At beginning of the year	–	7,284
Disposal of subsidiaries	–	(2,327)
Classified as assets held for sale	–	(4,957)
At end of the year	–	–
Carrying amount		
At end of the year	**1,686,883**	–

Goodwill was allocated to the Group's cash-generating unit identified according to the operating segment. The goodwill as at 31 March 2010 was attributable to the cash-generating unit that comprises the sustainable forest management segment. The recoverable amount of the sustainable forest management segment was determined to be higher than its carrying amount, therefore, there was no impairment loss.

The recoverable amount of the sustainable forest management segment cash-generating unit was based on value in use and was determined with the assistance of an independent valuer.

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

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

– Revenue was projected based on management's past experience and their expectations for market development. The anticipated revenue growth in 2012 and 2013 were 75% and 3% respectively. Management estimates that there would be a negative revenue growth of 37% and 78% in 2014 and 2015 respectively.

– Timber product average price growth at 3% per annum. The expected long-term growth rate was estimated by reference to the GDP in Brazil.

– A discount rate of 14% based on the data and factors relevant to the economy of Brazil, the forestry industry, the timber products in the Brazil Forest, and the weighted average cost of capital.

– The Group will obtain FSC certification in 2012. FSC certification demonstrates fulfillment of social and ecological criteria, while increasing the prices achievable for timber products. Based on current market practices, the directors estimate that the Group can enjoy a price premium of 15% over non FSC timber products from 2012 when the Group obtains the FSC certification.

15. INVENTORIES

	Note	2010 HK$'000	2009 HK$'000
Timber logs	*(a)*	**235,424**	–
Raw materials	*(b)*	**1,603**	–
Work in progress	*(b)*	**11,391**	–
Finished goods	*(b)*	**4,632**	–
Completed properties held for sale	*(c)*	**–**	11,576
		253,050	11,576

(a) The timber logs were harvested during the provision of tree felling services.

(b) These inventories were held for further processing or sale.

(c) The completed properties held for sale were located in mainland China and held under long-term leases.

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

	2010 HK$'000	2009 HK$'000
Carrying amount of inventories sold	**33,436**	3,791
Write-down of remaining unsold inventories	**206**	10,356
	33,642	14,147

16. TRADE AND OTHER RECEIVABLES

	2010 HK$'000	2009 HK$'000
Trade receivables	**3,435**	16,635
Other receivables	**4,788**	2
Retention receivables	**–**	14,203
Prepayments and deposits	**6,067**	9,296
Gross amount due from customers for contract work	**–**	10,592
	14,290	50,728

Except for the retention receivables as stated in note 16(b), all the trade and other receivables are expected to be recovered within one year.

(a) Trade receivables

The aging analysis of the trade receivables as of the reporting date, based on invoice date, was as follows:

	2010	2009
	HK$'000	*HK$'000*
0 to 30 days	**1,974**	15,494
31 to 60 days	**975**	–
Over 90 days	**486**	1,141
	3,435	16,635

For the building materials business segment, the Group's trading terms with its customers were mainly on credit and letters of credit, except for new customers where payment in advance and cash on delivery were normally required. Invoices were normally payable between 30 and 180 days after issuance. Each customer had a maximum credit limit. For the forestry operation, customers are generally not given any credit terms. Letter of credit or advance deposits are required from customers, except for some where sales terms are based on cash on delivery.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

(b) Retention receivables

	2010	2009
	HK$'000	*HK$'000*
Due within one year	**–**	1,429
Due more than one year	**–**	12,774
	–	14,203

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

(c) Impairment of trade receivables and retention receivables

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

The movement in the allowance for debts during the year was as follows:

	Trade receivables		**Retention receivables**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Balance brought forward	**–**	2,933	**–**	938
Exchange movement	**–**	24	**–**	–
Classified as held for sale	**–**	(1,115)	**–**	–
Disposal of subsidiaries	**–**	(1,828)	**–**	(848)
Uncollectible amount written off	**–**	(14)	**–**	(90)
Balance carried forward	**–**	–	**–**	–

(d) **Trade receivables that are not impaired**

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

	2010	2009
	HK$'000	*HK$'000*
Neither past due nor impaired	**320**	15,494
Less than 1 month past due	**2,629**	–
1 to 3 months past due	**486**	1,141
	3,115	1,141
	3,435	16,635

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

As of 31 March 2010, trade receivables of HK$3,115,000 (2009: HK$1,141,000) were past due but not impaired. Subsequent to the reporting date, an amount of HK$2,629,000 was settled.

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

17. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

(a) In February 2010, the directors of the Group commenced negotiations to dispose of the Chita forests operation in Russia as part of its ongoing strategy to seek forest assets or operations with better return on investments, hence improving the value they bring to shareholders. On 1 March 2010, Amplewell entered into a letter of intent with an independent third party to dispose of the Group's entire equity interest in issued share capital of ZLK Group. ZLK Group was principally engaged in forestry operations in Russia. The assets and liabilities attributable to the forestry operation in Russia which are expected to be sold within twelve months, have been classified as assets held for sale and are presented separately in the consolidated statement of financial position. Pursuant to the letter of intent, the selling price of the disposal shall be not less than the book value, as such the directors expected that the proceeds of the disposal will be greater than the net carrying amount of the relevant assets and liabilities, and therefore no impairment is necessary.

(b) In January 2009, the directors of the Group commenced negotiations to dispose of certain of the Group's real estate operation as part of the Group's business plan to concentrate on the building materials business and the proposed acquisition of forest operation. Negotiations with interested parties have been subsequently taken place. The assets and liabilities attributable to the real estate operation which are expected to be sold within twelve months, have been classified as assets held for sale and are presented separately in the consolidated statement of financial position. The directors expected that the proceeds of the disposal are greater than the net carrying amount of the relevant assets and liabilities, and therefore no impairment is necessary.

The major classes of assets and liabilities of Chita forests operation in Russia and the real estate business, which have been classified as held for sale at the end of the respective reporting period, are as follows:

	Note	**2010 Chita forests operation** *HK$'000*	2009 Real estate *HK$'000*
Property, plant and equipment		**71,498**	858
Interests in leasehold land held for own use under operating leases		**–**	270
Intangible assets	*13*	**161,947**	–
Properties under development for sale		**–**	33,838
Inventories		**1,022**	–
Trade and other receivables		**1,907**	5,314
Amount due from a non-controlling shareholder	*(i)*	**66,660**	–
Pledged bank deposits		**–**	2,568
Cash and cash equivalents		**2**	335
Assets classified as held for sale		**303,036**	43,183
Trade and other payables		**26,391**	9,081
Bank loans, secured	*(ii)*	**10,416**	–
Other loans, secured	*(iii)*	**6,550**	–
Other loans, unsecured	*(iv)*	**2,424**	–
Consideration payable		**5,000**	–
Finance lease payables		**10,095**	–
Deferred tax liabilities		**38,047**	4,750
Liabilities associated with assets classified as held for sale		**98,923**	13,831

(i) Amount due from a non-controlling shareholder

The amount is unsecured and interest-free. In the opinion of the directors, the amount is expected to be realised within twelve months from the reporting date.

Under the repayment agreement entered between the non-controlling shareholder and Amplewell, the non-controlling shareholder agrees to dispose part of his shares in Winner Global Holdings Limited ("Winner Global") and ordinary shares in the Company for the repayment of the amount due to the Group. The amount is also guaranteed by a related company, Assure Gain International Limited which owns 43.38% interests in Winner Global. Under the guarantee agreement, the related company agrees to dispose sufficient shares in the Company to repay the outstanding amount in the event of default by the non-controlling shareholder.

(ii) Bank loans, secured

Associated with assets held for sale, there were total banking facilities of HK$10,416,000 which has been utilised. The loans were secured by the subsidiary's machinery and construction in progress with carrying amount of HK$1,334,000 and HK$881,000 respectively and the personal assets given by a non-controlling shareholder. The loans are bearing fixed interest rate at 16% to 17% per annum and repayable within one year.

(iii) Other loans, secured

The loans were secured by the subsidiary's building with carrying amount of HK$283,000 and the personal assets given by a non-controlling shareholder. The loans are bearing fixed interest rate at 3% to 5% per annum and repayable within one year.

(iv) Other loans, unsecured

Out of the amount of HK$2,424,000, HK$1,317,000 are bearing fixed interest rate at 5% per annum and repayable more than one year but not more than two years, HK$158,000 is interest free and repayable within one year and the remaining HK$949,000 is bearing fixed interest rate at 16% per annum and repayable within one year.

18. TRADE AND OTHER PAYABLES

	Note	**2010** **HK$'000**	2009 HK$'000
Trade payables	*a*	**91,054**	17,807
Cash consideration payable for acquisition of biological assets	*b*	**26,598**	–
Retention payables	*c*	**–**	3,575
Other payables and accruals		**7,315**	3,774
Amount due to a director	*d*	**92**	–
Amounts due to non-controlling shareholders	*e*	**–**	1,248
Financial liabilities measured at amortised costs		**125,059**	26,404

Except for the retention payables as stated in note 18(c), all of the trade and other payables are expected to be repaid within one year.

(a) Trade payables

An aging analysis of the Group's trade payables as at the end of the reporting period, based on invoiced date, was as follows:

	2010 **HK$'000**	2009 HK$'000
0 to 30 days	**90,545**	16,201
Over 90 days	**509**	1,606
	91,054	17,807

(b) Cash consideration payable for acquisition of biological assets

	2010 **HK$'000**	2009 HK$'000
At beginning of the year	**–**	–
Acquisition of subsidiaries *(note 20)*	**67,294**	–
Settlement	**(44,330)**	–
Exchange movement	**3,634**	–
At end of the year	**26,598**	–

(c) Retention payables

	2010	2009
	HK$'000	*HK$'000*
Due within one year	–	683
Due more than one year	–	2,892
	–	3,575

(d) Amount due to a director

The amount was unsecured, interest free and had no fixed terms of repayment.

(e) Amounts due to non-controlling shareholders

The amounts were unsecured, interest free and had no fixed terms of repayment.

19. PROMISSORY NOTES

	2010	2009
	HK$'000	*HK$'000*
At beginning of the year	–	320,000
Promissory notes issued	**191,911**	–
Accrued interests	**7,423**	16,951
Repayment	**(174,717)**	–
Reclassification of interest payable from accruals	–	684
Interest waived	–	(17,635)
Cancellation of promissory note	–	(231,910)
Difference between the fair value and carrying amount on Ling Kit Disposal credited to the consolidated income statement	–	(88,090)
At end of the year	**24,617**	–

(a) On 31 July 2009, the Company issued promissory notes in an aggregate principal amount of HK$232,000,000 as part of the consideration for acquisition of Amplewell (note 20). The promissory notes bear interest at 2% per annum. The interest shall be repaid together with principal in one lump sum upon maturity on 31 January 2011. The promissory notes may be assigned or transferred (in integral multiple of HK$1,000,000) to any third party (other than a connected person as defined in the Listing Rules) subject to the Listing Rules and the applicable laws. The Company may repay all or part of the principal amount and interest at any time prior to the maturity date (i.e. 31 January 2011) by giving the holder not less than seven days' prior written notice specifying the amount and date of repayment provided that the amount shall be at least HK$1,000,000. Otherwise, the payment of principal and interest payment of promissory notes shall be made in full upon the maturity date.

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

The promissory notes are held by a substantial shareholder. On 23 September 2009, the Company made repayment of promissory note with carrying amount of HK$84,529,000 at par value for HK$100,000,000. On 2 November 2009, the Company made another repayment of promissory notes with carrying amount of HK$90,188,000 at par value for HK$105,000,000. The excess of the repayment amount over the carrying amount of HK$30,283,000 was accounted for as distribution to the shareholder. Given that the Company has the legal obligation to settle the full face value of the promissory notes for the aforesaid acquisition, the directors considered the excess of HK$30,283,000 arising from accounting treatment is not in substance an expense to the Company. The directors considered that the excess shall be accounted for as a deemed capital distribution to the shareholder and recorded as a transaction with owners and charged to the contributed surplus account.

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

As stated in note 11(b), on 15 August 2008, PHL, the holder of the promissory note and the Company had agreed to cancel the promissory note to satisfy part of the consideration for the Ling Kit Disposal. The fair value of the promissory note at the date of completion of the Ling Kit Disposal was HK$231,910,000, which had been used to calculate the loss on the Ling Kit Disposal as disclosed in note 21(b). The difference between the carrying amount and the fair value of the promissory note of HK$88,090,000 has been credited to the consolidated income statement upon cancellation of the promissory note.

20. ACQUISITION OF SUBSIDIARIES

On 31 July 2009, the Group obtained control of Amplewell by acquiring 100% equity interest and voting rights in Amplewell. Amplewell is an investment holding company and its subsidiaries are engaged in sustainable management of and investments in natural forests; timber and wood processing; timber trading, sales and marketing from owned and leased natural forests in Brazil and Russia.

The Group is of the view that natural forests offer scarce, invaluable and non-replaceable essential natural resources. Supply of valuable hard and soft wood from old growth natural forests continues to shrink globally while demand has grown despite the global economic crisis. As it is difficult to increase significantly the supply of natural forests in the near term due to its long growth cycle, especially in tropical rain forests in South America. As such, long term supply is expected to continue to fall short of demand. Through the acquisition, the Group turns the timber resources from its sustainably managed natural forests in Brazil and Russia into a valuable and renewable source of raw materials.

The following summarises the acquisition-date fair value of the total consideration transferred and the acquisition-date fair value of each major class of consideration:

	Note	*HK$'000*
Cash		70,500
Fair value of promissory notes issued	*19*	191,911
Fair value of ordinary consideration shares issued		59,660
Fair value of first tranche convertible preference shares issued		1,778,074
Fair value of second tranche convertible preference shares to be issued*		93,933
		2,194,078

* *The number of second tranche convertible preference shares to be issued on the expiry date of the warranties (in relation to the terms and conditions of the acquisition such as the asset titles and contingent liabilities) given by Winner Global, being the date falling on the expiry of the eighteenth month from 31 July 2009 shall be reduced by a compensation if any to be paid by Winner Global determined in accordance with the agreement for purchase of Amplewell. The compensation related mainly to the Brazil Forest liabilities which comprises the total amount payable by Universal Timber Resources Do Brazil Participacacao Ltda. ("UTR") as at 31 July 2009 to settle certain identified encumbrances, liabilities or obligations over or in such part of the Brazilian Forest acquired by UTR and any undisclosed liabilities, if any, as at 31 July 2009.*

The fair value of ordinary consideration shares issued are based on the published share price of HK$0.076 per share as at 31 July 2009. The fair value of promissory notes and convertible preference shares issued and to be issued was based on independent valuation carried out by GCA. The fair value of promissory notes is estimated based on effective interest method, using the coupon rate of 2% per annum and estimated effective interest rate of 15.74%.

The fair values of first and second tranche convertible preference shares are estimated based on combined approach, using the published share price of HK$0.076 per share as at 31 July 2009 and applied a discount rate of 6.5% on lack of voting right.

The following summarised the recognised amounts of identifiable assets acquired and liabilities assumed as at 31 July 2009:

	Note	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
		HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment		69,937	195,307	265,244
Intangible assets	*13*	168,182	–	168,182
Biological assets	*8*	461,747	–	461,747
Deposit for purchase of property, plant and equipment		2,469	–	2,469
Cash and cash equivalents		5,967	–	5,967
Inventories		3,035	–	3,035
Trade and other receivables	*(a)*	6,628	–	6,628
Amount due from a non-controlling shareholders		69,038	–	69,038
Bank and other borrowings		(24,312)	–	(24,312)
Finance lease payables		(9,413)	–	(9,413)
Trade and other payables		(27,398)	–	(27,398)
Cash consideration payable for acquisition of biological assets	*18(b)*	(67,294)	–	(67,294)
Amount due to immediate holding company		(5,000)	–	(5,000)
Amounts due to shareholders		(57,185)	–	(57,185)
Amounts due to related companies		(60,167)	–	(60,167)
Deferred tax liabilities		(157,915)	(66,404)	(224,319)
Total net identifiable assets		378,319	128,903	507,222
Non-controlling interests	*(b)*			(27)
Goodwill	*(c)*			1,686,883
Total consideration				2,194,078

Goodwill arising on acquisition

	HK$'000
Consideration transferred	2,194,078
Plus: non-controlling interests	27
Less: fair value of identifiable net assets acquired	(507,222)
Goodwill arising on acquisition	1,686,883

	HK$'000
Net cash inflow/(outflow) arising on the acquisition	
Cash consideration paid#	(50,000)
Cash and cash equivalents acquired of	5,967
	(44,033)

Total cash consideration was HK$70,500,000 of which HK$15,500,000 was paid in last year as deposit for acquisition of subsidiaries, HK$50,000,000 was paid during the year. The balance of consideration payable of HK$5,000,000 was included in note 17.

(a) The trade and other receivables in this transaction with a fair value of HK$6,628,000 had gross contractual amounts of HK$6,628,000. There is no expected uncollectible balance.

(b) The non-controlling interests recognised at the acquisition date were measured by reference to the non-controlling interests proportionate share of the acquiree's identifiable net assets.

(c) The goodwill is attributable to:
   (i) the acquired management expertise;
   (ii) the anticipated profitability from transforming the natural forest resources into valuable sawn timber;
   (iii) the long-term appreciation in value of scarce natural forest resources and processed timber products;
   (iv) revenue growth and future market development;
   (v) the synergies expected to arise from integration of the acquired businesses into the Group which has extensive connections in the potential markets in Asia Pacific including China; and
   (vi) the premium paid for acquisition of the control.

None of the goodwill recognised is expected to be deductible for income tax purposes.

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

Amplewell Group contributed revenue of HK$265,076,000 (of which HK$263,063,000 was included in continuing operation) and profit of HK$308,907,000 (of which HK$320,894,000 was included in continuing operations) for the year. Had the acquisition been completed on 1 April 2009, management estimates total Group's revenue would have been approximately HK$267,607,000 and profit would have been approximately 257,901,000. In determining these amounts, management assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 April 2009.

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

21. DISPOSAL OF SUBSIDIARIES

(a) Year ended 31 March 2010

As mentioned in note 11(a), the Group discontinued its building material and real estate business at the time of disposal of its subsidiaries. The net assets/(liabilities) at the date of the disposals were as follows:

	Building materials		Real estate		
	Anex Far East Group	Idealboom Group	Leadprime Group	Joyful Rise Group	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net assets disposed of					
Property, plant and equipment	147	–	815	10	972
Retention receivables	–	655	–	–	655
Prepaid lease payment	–	–	268	–	268
Properties under development for sale	–	–	33,945	–	33,945
Trade and other receivables	21,024	4,786	18,088	–	43,898
Pledged bank deposits	–	–	2,551	–	2,551
Cash and cash equivalents	3,743	6	129	96	3,974
Amount due to 東莞嘉湖山莊建造有限公司	–	–	–	(12,715)	(12,715)
Completed property held for sales	–	–	–	11,590	11,590
Amount due to the Group	(5,725)	(5,689)	(8,343)	(943)	(20,700)
Trade and other payables	(11,818)	(4)	(1,023)	(340)	(13,185)
Amount due to a non-controlling shareholder	–	–	(8,193)	–	(8,193)
Tax payable	(300)	(8)	–	–	(308)
Deferred tax liabilities	–	–	(4,618)	–	(4,618)
	7,071	(254)	33,619	(2,302)	38,134
Non-controlling interests	(5,116)	(1)	(10,014)	–	(15,131)
	1,955	(255)	23,605	(2,302)	23,003
Exchange reserve	–	–	(3,195)	10	(3,185)
	1,955	(255)	20,410	(2,292)	19,818
Assignment of amounts due to the Group	–	5,689	8,343	–	14,032
Waiver of amounts due to the Group	5,725	–	–	943	6,668
	7,680	5,434	28,753	(1,349)	40,518
Disposal costs	2,412	–	–	–	2,412
(Loss)/gain on disposal of subsidiaries *(note 11)*	(1,812)	(1,434)	(10,571)	1,349	(12,468)
Total consideration	8,280	4,000	18,182	–	30,462
Satisfied by:					
Cash	8,280	4,000	18,182	–*	30,462
Net cash inflow/(outflow) arising on the disposals					
Cash consideration received	8,280	4,000	18,182	–	30,462
Cash and cash equivalents disposed of	(3,743)	(6)	(129)	(96)	(3,974)
	4,537	3,994	18,053	(96)	26,488

* *Total consideration of the disposal is HK$1.0.*

(b) Year ended 31 March 2009

(i) As mentioned in note 11(b), the Group discontinued its mining and home appliance operations at the time of disposal of its subsidiaries. The net assets/(liabilities) at the date of the disposals were as follows:

	Mining operation *HK$'000*	Home appliances operation *HK$'000*	Total *HK$'000*
Net assets disposed of			
Property, plant and equipment	666	43,800	44,466
Intangible assets	1,927,238	–	1,927,238
Prepaid lease payment	–	2,041	2,041
Cash and cash equivalents	75	178	253
Trade and other receivables	6,553	88	6,641
Trade and other payables	(6,738)	–	(6,738)
Amounts due to the Group	(77,564)	(66,242)	(143,806)
Deferred tax liabilities	–	(8,765)	(8,765)
	1,850,230	(28,900)	1,821,330
Non-controlling interests	(385,466)	–	(385,466)
	1,464,764	(28,900)	1,435,864
Exchange reserve	(13)	–	(13)
	1,464,751	(28,900)	1,435,851
Assignment of amounts due to the Group	77,564	66,242	143,806
	1,542,315	37,342	1,579,657
Disposal costs	3,967	–	3,967
Loss on disposal of subsidiaries *(note 11)*	(113,943)	(37,342)	(151,285)
Total consideration	1,432,339	–*	1,432,339
Satisfied by:			
Cash	464	–*	464
Fair value of convertible note	1,092,000	–	1,092,000
Fair value of promissory note	231,910	–	231,910
Fair value of shares repurchased *(note)*	43,200	–	43,200
Interest payable waived			
– convertible note	47,130	–	47,130
– promissory note	17,635	–	17,635
	1,432,339	–	1,432,339

* Consideration of the disposal was HK$1

Net cash inflow/(outflow) arising on the disposals			
Cash consideration received	464	–	464
Cash and cash equivalents disposed of	(75)	(178)	(253)
	389	(178)	211

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

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

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

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

22. COMMITMENTS

(a) Commitments in respect of capital expenditure

At the end of the reporting period, the Group had commitments in respect of capital expenditure outstanding but not provided for in the consolidated financial statements as follows:

	2010	2009
	HK$'000	*HK$'000*
Contracted, but not provided for		
– Acquisition of forest, forest concession rights, a wood processing plant, investment in a flooring company and exclusive production rights *(note i)*	**294,896**	–
– Acquisition of forest, sawmill and fibreboard processing facilities *(note ii)*	**363,844**	–
– Properties under development	**–**	1,542
	658,740	1,542

(i) On 12 February 2010, the Group entered into a term sheet (the "Term Sheet") to acquire the entire equity interests in a company (an independent third party) incorporated in Brazil holding among others approximately 98,000 hectares of forest area in Brazil, up to 800,000 hectares of forest concession rights in Bolivia, a wood processing plant, investment interests in a flooring company and exclusive production rights. The Term Sheet is legally binding and pursuant to its terms, the consideration of the acquisition shall be R$70,000,000 (equivalent to approximately HK$294,896,000). The consideration shall be payable by instalments as follows: (i) R$45,000,000 (equivalent to approximately HK$189,576,000) to be satisfied upon completion of the acquisition and (ii) R$25,000,000 (equivalent to approximately HK$105,320,000) to be satisfied by payment in cash in United State dollars on a date falling within three years after completion. According to the terms of the term sheet, the consideration may be reduced if the net profit after tax for each of the three years after completion shall be less than R$10,000,000.

(ii) On 1 November 2009, the Group entered into a legally binding Memorandum of Intent ("MOU") to acquire the entire equity interests in a company (an independent third party) incorporated in Brazil holding freehold forest area of approximately 137,000 hectares in Brazil, a sawmill and a fibreboard processing facilities. Pursuant to the terms of the MOU, the consideration of the acquisition should be R$80,000,000 (equivalent to approximately HK$363,843,757). The consideration shall be payable as follows: (i) R$27,000,000 (equivalent to approximately HK$122,797,268) to be satisfied by cash on the completion date of the acquisition; (ii) R$26,000,000 (equivalent to approximately HK$118,249,221) to be satisfied by the allotment and issue of new shares of the Company on the completion date of the acquisition and (iii) R$27,000,000 (equivalent to approximately HK$122,797,268) to be paid in 6 instalments, falling due on a half-yearly basis, with the first instalment falling due after 12 months from the completion date of the acquisition.

(b) Operating lease commitments

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

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

	2010	2009
	HK$'000	*HK$'000*
Within one year	**2,575**	2,600
In the second to fifth years, inclusive	**2,298**	323
	4,873	2,923

(c) Minimum royalty payments

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

	2010	2009
	HK$'000	*HK$'000*
Within one year	**3,317**	–
In the second to fifth years, inclusive	**12,910**	–
After five years	**38,067**	–
	54,294	–

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

23. CONTINGENT LIABILITIES

As at 31 March 2010, the Group and the Company had no contingent liabilities.

As at 31 March 2009, the Group and the Company had the following contingent liabilities.

The Group

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

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

No recognition was made because the fair value of the undertaking was insignificant and that the directors do not consider it probable that a claim would be made against the subsidiary under the undertaking. At the end of reporting period, the maximum liability of the Group under the undertaking was HK$16,566,000.

The Company

The Company had contingent liabilities not provided for in the financial statements in respect of guarantees provided for banking facilities of HK$50,126,000 granted to subsidiaries.

(i) The Company is one of the entities covered by a cross guarantee arrangement issued by the Company and its subsidiaries to a bank in respect of banking facilities granted to the Group which remains in force so long as the Group has drawn down under the banking facilities. Under the guarantee, the Company and all the subsidiaries that are a party to the guarantee are jointly and severally liable for all and any of the borrowings of each of them from the bank which is the beneficiary of the guarantee. The maximum liability of the Company at the end of the reporting period under the corporate guarantee was the banking facilities of HK$28,560,000 utilised by the subsidiaries.

(ii) The Company provided corporate guarantees of HK$12,413,000 and pledged deposits of HK$12,500,000 to banks for issuance of performance bonds of HK$12,254,000 in favour of independent third parties in relation to the construction contracts.

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

24. SUBSEQUENT EVENTS

(a) On 7 May 2010, 52,843,834 share options to subscribe for up to a total of 52,843,834 ordinary shares of HK$0.533 each of the Company were granted to directors, employees and consultants under the share option scheme adopted on 27 November 2009.

(b) On 26 May 2010, the Company entered into a subscription agreement with NWS Financial Management Services Limited, a subsidiary of NWS Holdings Limited (the "Subscriber") who is an independent third party to the Group, pursuant to which the Company has agreed to allot and issue to the Subscriber, the subscription shares of 412,000,000 new shares at HK$0.50 per subscription share. The Company completed the subscription of 412,000,000 shares on 2 June 2010. The net proceeds raised from the subscription were approximately HK$190.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 March 2010 and 2009, the Group had 6 business segments including tree felling service, sustainable forest management, Chita forests operation, building materials, real estate and mining. An analysis of turnover for the year ended 31 March is as follows:

	2010		2009		Increase (Decrease)	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
			(Restated)			
Continuing operations						
Tree felling service	**237,073**	**90.1%**	–	–	237,073	100%
Sustainable forest management	**25,990**	**9.9%**	–	–	25,990	100%
	263,063	**100%**	–	–	263,063	100%
Discontinued operations						
Building materials	**77,381**	**97.3%**	162,641	91.3%	(85,260)	(52.4%)
Chita forests operation	**2,013**	**2.5%**	–	0%	2,013	100%
Real Estate	**123**	**0.2%**	5,054	2.8%	(4,931)	(97.6%)
Mining	**–**	**0%**	10,366	5.9%	(10,366)	(100%)
	79,517	**100%**	178,061	100%	(98,544)	(55.3%)

For the year ended 31 March 2010, turnover from continuing operations amounted to HK$263.1 million and comprised solely turnover from tree felling services and sustainable forestry management business segments, the newly acquired in July 2009. Tree felling services business segment began operations in mid January 2010. Turnover from the tree felling services business segment represented revenue derived from the tree felling services for the construction of two hydropower plants in Rondonia State, Amazon, Brazil, while turnover from the sustainable forest management business segment represented revenue from sales, trading and processing of timber products from sustainably managed forests.

Turnover from discontinued operations totaled HK$79.5 million for the year ended 31 March 2010, of which HK$77.4 million or 97.3% was attributable to the building materials business segment. All of the building materials, real estate and mining business segments were disposed of during the year ended 31 March 2010.

Net profit of the Group for the year ended 31 March 2010 amounted to HK$274.3 million. This represented a 938.8% and 339.2% increase from the net losses of HK$32.7 million and HK$114.7 million reported for the year ended 31 March 2009 and 2008, respectively.

During the year under review, a net loss from discontinued operations of HK$10.6 million, and a loss on the disposal of discontinued operations of HK$12.5 million were included in the net profit of the Group. If the net results from discontinued operations were excluded, the net profit of the Group would total HK$297.4 million.

FORESTRY BUSINESS

Overview

On 31 July 2009, the Group completed the acquisition of the entire interest in Amplewell Group which own approximately 44,500 hectares of natural tropical forest lands on a freehold basis in Acre State, Amazon, Brazil and 242,000 hectares of concession rights in Siberia, Russia. Total standing matured stock for the Amazon and Siberia forests are estimated at 12.0 million m^3 and 21.7 million m^3, respectively.

Our forestry business specializes in investments in natural forests and forest resources with both softwood and tropical hardwood. We practise sustainable forest management where we employ minimum impact logging techniques when harvesting our forests on a selective basis. Logs from our forests are then processed to semi-finished timber products by contracted third party processors or in our own processing facilities. Our timber products are our customers' raw materials in their manufacturing processes. We currently supply to customers in China, the United States, Europe, Japan and Brazil.

To our customers, we are a truly integrated "ONE-STOP-SHOP" supplier of semi-finished timber products with our own forest resources; on-the-ground quality control; processing capabilities and direct sales services where our customers are. The Group's forest resources cover both valuable hardwood with high commercial value and popular softwood species.

Profitability

For the year ended 31 March 2010, our total net profit after tax was HK$274.3 million as compared to a net loss after tax of HK$32.7million a year ago. With less than a full year of operations after acquisition on July 31, 2009, our forestry operations recorded total turnover of HK$263.1 million and generated net profit after tax of HK$326.4 million, turning around a 4-year streak of net losses for the Group. Gain on change in the fair value of our biological (forest) assets (net of tax) amounted to HK$244.5 million and was primarily attributable to rise in average log market prices and favorable foreign currency revaluation.

Sustainability

We are committed to creating long-term value and sustainable growth through responsible, sustainable practices throughout our operations. We strive to be the best company in environmental responsibilities in the forestry industry in Asia and a model for sustainable forestry to our peers.

Our corporate strategies are developed based on the three pillars of sustainable development: social progress, economic growth and environmental protection.

During the year ended 31 March 2010, we received approval for the Sustainable Management Program (SMP) for our 44,500-hectare Acre forests in the Acre State, Amazon, Brazil. However, we were not able to begin the harvesting operations in Acre State as scheduled due to the delays in the completion of the acquisition of the forestry group, and a strategic decision by the Executive Committee to focus the Group's resources on our exclusive tree felling project in Rondonia State, Amazon, Brazil.

Social Responsibility

During the fiscal year ended 31 March 2010, we set up a special executive task force to design, evaluate and implement social programs. The task force was to determine the objectives and lay down the guidelines for our social programs. The following are the objectives that were recommended to the management of the Group by our task force:

- To promote sustainable development within the communities we work in
- To help improve the living standards and quality of life for the local communities
- To prevent deforestation (slash-and-burn) by indigenous communities

In addition, the task force also recommended that the programs should provide means for the local indigenous communities to help themselves – thus achieving sustainability. Some of the initial programs under evaluation aim to utilize the vast existing non-timber resources within our forests, such as essential tree oil, organic nuts and fruits. We will report periodically on the development of these programs.

Expansion of Our Forest Resources

On 15 November 2009 and 19 February 2010, we announced the signing of two Memoranda of Understanding to acquire additional freehold forests, forest concessions and related processing facilities in Para State and Acre State, Amazon, Brazil. Upon completion of the two acquisitions, our forest resources will increase from approximately 290,000 hectares to more than 1,300,000 hectares of natural forests.

Aside from expansion through acquisitions, we plan to expand our forest resources through public-private partnerships or social programs where we work with local indigenous communities and Governments through exclusive management contracts. Under such arrangement, we will provide training to the indigenous communities in sustainable forest management practices, employment and profit sharing.

With extensive networks and presences on the ground in Brazil and Russia, we believe we can continue to expand our forest resources and attain global dominance in the near future.

Gaining Exclusive Tree Felling Services Contract for Construction of Hydropower Plants in Rondonia

In November 2009, we won an exclusive service contract to assist two hydropower plants in Rondonia State, Amazon, Brazil to fell and clear trees for their plant sites and artificial lakes. With total installed capacity of over 6,000 Megawatts, the two hydropower plants will provide clean alternative energy to more than 11 million households in the Amazon and other parts of Brazil when they become fully operational in 2015. The combined sites cover an area of approximately 200,000 hectares and will contribute significant timber resources to the Group for the next five years.

To prevent damage to marine life and the subsequent release of the stored carbon back into the atmosphere by the decaying trees if the forest areas were to be flooded without clearing, IBAMA, Brazil's federal environmental agency, has approved, for the first time, for the hydropower plants to clear cut prior to construction.

Our first harvesting subcontractor began mobilizing equipment and staff into the assigned forest areas immediately in January 2010 and the operations commenced in full swing in February. For the three-month period from January to March 2010, approximately 3,000 hectares of forests were harvested and more than 300,000 m^3 of logs were obtained. Activities are expected to significantly pick up after the rainy season which generally ranges from December to April each year. By the end of March 2010, we brought in additional subcontractors to increase the speed of harvesting and to introduce competition between the subcontractors. As a result, since we began in January 2010, we were able to reduce our overall harvesting unit cost by approximately 40%.

Increase of Capital and Shareholder Base

The capital markets were marked by great volatility during the year under review and it was generally challenging for companies to raise capital. We are very pleased that we were able to attract new capital and investors during the year ended 31 March 2010. Specifically in May 2010, the Subscriber, subscribed to 412,000,000 ordinary shares and became the second largest shareholder of the Company.

Chita Forests Operation

For the year ended 31 March 2010, Chita forests operation in Russia contributed a marginal turnover of HK$2.0 million and net loss after tax of HK$12.0 million. On 1 March 2010, Amplewell entered into a letter of intent with an independent third party to dispose of the entire equity interest in ZLK Group. As such, it is classified as discontinued operations. Negotiation is ongoing and no pricing has been fixed as of the date of this announcement. The Group has decided to dispose of its Chita Forests Operations as part of its ongoing strategy to seek forest assets or operations with better returns on investments, hence improving the value they bring to shareholders.

Looking Ahead

Looking ahead, some of our short and long term goals are:

- Remaining committed to sustainable practices in forest management and pursue Forest Stewardship Council ("FSC") certification for our forests, current and future.
- Caring for our people and our environment.
- Growing through market share consolidations and expansion of our forest resources through acquisitions, social programs, management contracts, or co-investment with strategic partners.

While there will definitely be challenges along the way, we are firmly set on the path of becoming global number one in timber resources holding.

Building Materials Business

For the year ended 31 March 2010, the building materials business segment contributed a turnover of HK$77.4 million (for the year ended 31 March 2009: HK$162.6 million) and a net loss of HK$1.4 million (for the year ended 31 March 2009: HK$2.9 million). In order to focus on the forestry business, the Group entered into agreements to dispose the entire segment in December 2009, a net loss of HK$3.2 million was realised from the disposal. The Group ceased to have any building materials business segment on 24 March 2010.

Property Development Business

For the year ended 31 March 2010, the property development business segment contributed a turnover of HK$0.1 million (for the year ended 31 March 2009: HK$5.1 million) and a net loss of HK$9.6 million (for the year ended 31 March 2009: HK$6.7 million). Due to the slowdown of the property market in the PRC and continuing loss making by the segment, the Group entered into agreements to dispose the entire segment in August and September 2009, a net loss of HK$9.2 million was realised from the disposal. The Group ceased to have any property development business on 30 September 2009.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2010, the Group had cash and cash equivalents amounted to HK$36.8 million (31 March 2009: HK$114.9 million, including pledged bank deposits).

The Group's gearing ratio expressed as a percentage of total interest bearing borrowings, excluding the interest bearing borrowings classified under liabilities held for sale, over equity attributable to the Company's equity holders, decreased from 9.8% as at 31 March 2009 to 1.0% as at 31 March 2010.

As at 31 March 2010, the Group had HK$25.1 million (31 March 2009: HK$16.3 million) interest bearing borrowings, of which HK$24.8 million were repayable within one year and the remaining HK$0.3 million were repayable after one year. The total interest bearing borrowings consisted of HK$0.5 million in bank borrowings and HK$24.6 million in promissory notes. As at 31 March 2010, the Group's working capital was approximately HK$257.1 million (31 March 2009: HK$163.1 million).

On 30 July 2009, the Company completed the placing of 3,523,280,000 shares at HK$0.055 per placing share to independent third parties pursuant to a placing agreement signed with President Securities (Hong Kong) Limited, placing agent. The net proceeds raised from the placing approximated HK$187.8 million.

On 22 October 2009, Sun Hung Kai Investment Services Limited, placing agent, through a top-up placing agreement placed 917,640,000 shares at HK$0.081 per share to independent placees pursuant to a placing agreement. The top-up subscription was completed on 27 October 2009 and net proceeds totaled HK$72.0 million.

On 26 May 2010, the Company entered into a subscription agreement with the Subscriber who is an independent third party to the Group, pursuant to which the Company has agreed to allot and issue to the Subscriber, the subscription shares of 412,000,000 new shares at HK$0.50 per subscription share. The Company completed the subscription of 412,000,000 shares on 2 June 2010. The net proceeds raised from the subscription were approximately HK$190.6 million.

CHARGE ON ASSETS

As at 31 March 2010, general banking facilities granted to the Group were secured by property, plant and equipment with a carrying value of HK$0.9 million.

CONTINGENT LIABILITIES

As at 31 March 2010, the Group had no contingent liabilities.

FOREIGN EXCHANGE RISK

The Group's continuing operation mainly operates in Brazil, Russia, the PRC and Hong Kong.

During the year ended 31 March 2010, revenue from continuing operations was denominated mainly in United States dollars and the Euro while its costs and expenses were primarily in Brazilian Reais and Russian Rubles where the Group's continuing operations are based. The Group is exposed to potential foreign exchange risk as a result of fluctuations between those currencies.

In addition, the main operational assets of the Group are located and denominated in local currencies in Brazil and Russia while the Group's reporting currency is in Hong Kong dollars. This also exposes the Group to potential foreign exchange risk upon translation of those assets on each reporting date.

The Group did not enter into any arrangements or financial instruments for the purpose of hedging against the potential foreign exchange risks during the year under review. Management believes that the Group's exposure to foreign exchange risks can be mitigated by increasing local sales denominated in Reais and/or Rubles to pay for the operating costs and expenses were those currencies to rise substantially against US dollars or the Euro. As for the operational assets of the Group, any foreign exchange gain or losses due to translation of the carrying value of the assets to the Group's reporting currency on reporting dates are unrealised and non-cash in nature. As such, active hedging activities are not considered warranted. Nonetheless, management will monitor closely its foreign currency exposure to ensure appropriate measures are taken promptly against any significant potential adverse impact.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 March 2010, the Group had approximately 240 employees (2009: 40) mainly in Hong Kong, PRC, Brazil and Russia. The total remuneration paid by the Group to its employees (including directors) for the year was approximately HK$17.5 million (2009: HK$9.0 million).

The Group rewards its employees according to prevailing market practices, individual experience performance and requirements under applicable labor laws in the Group's operational locations. In addition to the provision of annual bonus, provident fund scheme and medical insurance coverage, discretionary bonuses and share options are also available to employees.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES

Material acquisition

On 28 February 2009 and 10 March 2009, the Group entered into a conditional acquisition agreement and a supplemental agreement (the "Agreements") with Winner Global to acquire the entire interest in Amplewell Group for a total consideration of HK$1,860,045,000 (subject to adjustment), which were satisfied as to:

(i) HK$15,500,000 by way of the Deposit in cash upon signing of the Agreements;

(ii) HK$25,000,000 by payment in cash to Winner Global or its nominees at completion;

(iii) HK$232,000,000 by procuring the issue of the Promissory Note by the Company to Winner Global or its nominees at completion;

(iv) HK$43,175,000 by procuring the allotment and issue of the Consideration Shares by the Company to Winner Global or its nominees at completion;

(v) HK$1,437,260,000 (subject to adjustment) by procuring the allotment and issue of the First Tranche Preference Shares by the Company to the Vendor or its nominees at completion;

(vi) HK$30,000,000 by payment in cash to Winner Global or its nominees within 2 months from the completion date; and

(vii) HK$77,110,000 (subject to adjustment) by procuring the allotment and issue of the Second Tranche Preference Shares by the Company to Winner Global or its nominees on Winner Global Warranty Expiry Date, being the date falling on the expiry of the eighteenth month from the completion date.

Please refer to the circular of the Company dated 25 June 2009 and note 20 for detailed information. The acquisition was completed on 31 July 2009.

Material disposals

On 1 August 2009, the Group entered into an agreement with Mr. Tse Chun Fai, an independent third party to the Group, to dispose of its entire interest in Joyful Rise Investment Limited and Beijing Joyful Rise Investment Consulting Company Ltd at a consideration of HK$1.0, which were satisfied by payment in cash. The disposal was completed on 1 August 2009.

On 22 September 2009, the Group entered into an agreement with Mr. Goh Ee Bin, an independent third party to the Group, to dispose of its entire interest in Leadprime Limited and its subsidiaries at a consideration of RMB16 million (equivalent to approximately HK$18.2 million), which were satisfied by payment in cash. The disposal was completed on 30 September 2009.

On 15 December 2009, Anex Construction and Engineering Holdings Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with United Marble Company Limited, a non-controlling shareholder of two subsidiaries, United Anex Engineering Limited and United Anex (Macau) Limited, to dispose of its entire equity interest in Anex Far East Limited and its subsidiaries (collectively "Anex Far East Group") for a consideration of HK$8,280,000. Anex Far East Group was principally engaged in the building material business. The disposal was completed on 24 March 2010.

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

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 March 2010 (2009: Nil).

CORPORATE GOVERNANCE PRACTICES

In order to maintain high standard of corporate governance, the Company has adopted and complied with the code provisions set out in the Code of Corporate Governance Practices (the "Code Provisions") as set out in Appendix 14 of the Listing Rules throughout the financial year ended 31 March 2010 except for certain deviations which are mentioned below.

Under the Code Provision A.2.1., the roles of chairman and chief executive officer should be separated and performed by different individuals. The roles of the chairman and the chief executive officer of the Company are segregated and are clearly defined to ensure their respective independence, accountability and responsibilities. The chairman of the Company is responsible for the formulation of the Group's overall business development policies while the chief executive officer of the Company is responsible for the implementation of major decision of the Board and overall management of the Group's businesses. During the year the position of the chairman has not been appointed by the Board. The functions of the chairman of the Company are performed by Mr LEUNG Chau Ping, Paul, the Chief Executive Officer of the Company, with support from the other Executive Directors and senior management of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company, and has been effective in discharging its responsibilities satisfactorily and facilitating the Company's operation and business development. The Board will review the current situation from time to time and will make the necessary appointment if a candidate with suitable leadership, knowledge, skills and experience can be identified outside the Group.

Under the Code Provision A.4.1, non-executive directors should be appointed for specific term and subject to re-election. According to the bye-laws of the Company, each director appointed to fill a causal vacancy shall be subject to re-election at the next following general meeting or until the next following annual general meeting in the case of an addition to the Board and shall then be eligible for re-election at such meeting. Moreover, one-third of the Directors (including the independent non-executive directors) shall retire from office by rotation at least once every three years.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries, all Directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 March 2010.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three members, namely Mr LEUNG Siu Hung, Joel, Mr CHU Kin Wang, Peleus and Mr John Tewksbury BANIGAN and all of them are Independent Non-executive Directors. The Audit Committee has reviewed the accounting principles and practice adopted by the Group, reviewed the financial statements for the interim results and final results for the year ended 31 March 2010 and discussed the internal controls together with the management.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the announcement of the Group's results for the year ended 31 March 2010 have been agreed by the Group's auditor, Crowe Horwath (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe Horwath (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe Horwath (HK) CPA Limited on the announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.susfor.com) and the Stock Exchange (www.hkexnews.hk). The Company's annual report for 2009/10 containing all the information required by the Listing Rules will be published on the above websites and dispatched to the shareholders in due course.

By order of the Board
Sustainable Forest Holdings Limited
LEUNG Chau Ping, Paul
Executive Director

Hong Kong, 26 July 2010

As at the date of this announcement, the Board comprises Mr LEUNG Chau Ping, Paul, Mr CHIU Raymond Yim and Mr Leandro Dos Martires GUERRA as executive directors and Mr LEUNG Siu Hung, Joel, Mr CHU Kin Wang, Peleus and Mr John Tewksbury BANIGAN as independent non-executive directors.