LONG SUCCESS INTERNATIONAL (HOLDINGS) LIMITED

百 齡 國 際（控 股）有 限 公 司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8017)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2011

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Long Success International (Holdings) Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *For identification purpose only*

The Board of Directors (the "Board") of the Company is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2011, together with the comparative audited figures for the year ended 31 March 2010, as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2011

	Note	**2011** *HK$'000*	2010 *HK$'000* (restated)
Revenue	3	**288,970**	156,747
Cost of sales		**(262,012)**	(144,782)
Gross profit		**26,958**	11,965
Other net income and net gains		**7,781**	5,748
Selling expenses		**(817)**	(329)
Administrative expenses		**(52,018)**	(33,556)
Loss on extinguishment of convertible bonds		**–**	(1,066)
Operating loss		**(18,096)**	(17,238)
Finance costs	4	**(18,129)**	(9,203)
Loss before taxation	5	**(36,225)**	(26,441)
Income tax	6	**(267)**	(528)
Loss for the year from continuing operations		**(36,492)**	(26,969)
Discontinued operations			
Profit/(loss) for the year from discontinued operations		**8,212**	(17,528)
Loss for the year		**(28,280)**	(44,497)
Other comprehensive income			
Exchange differences on translating foreign operations			
– Exchange difference arising during the year		**12,195**	7,394
– Reclassification adjustments upon disposal of subsidiaries		**(184)**	–
		12,011	7,394
Income tax relating to components of other comprehensive income		**–**	–
		12,011	7,394
Total comprehensive loss for the year		**(16,269)**	(37,103)
Loss for the year			
Attributable to:			
Owners of the Company		**(26,870)**	(45,026)
Non-controlling interests		**(1,410)**	529
		(28,280)	(44,497)

	Note	**2011**	2010
		HK$'000	*HK$'000*
			(restated)
Total comprehensive income/(loss) for the year			
Attributable to:			
Owners of the Company		**(18,276)**	(41,509)
Non-controlling interests		**2,007**	4,406
		(16,269)	(37,103)
Loss per share attributable to owners of the Company	8		
From continuing and discontinued operations			
– Basic (HK cents per share)		**(1.77)**	(4.99)
– Diluted (HK cents per share)		**(1.77)**	(4.99)
From continuing operations			
– Basic (HK cents per share)		**(2.31)**	(3.04)
– Diluted (HK cents per share)		**(2.31)**	(3.04)

Consolidated Statement of Financial Position
As at 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**180,972**	171,906
Prepaid lease payments		**19,081**	18,941
Goodwill		**151,070**	80,967
Intangible assets		**244,445**	–
Available-for-sale financial assets		**180**	180
Deposit for acquisition for property, plant and equipment		**59,532**	–
Deposit for acquisition of subsidiaries		**–**	10,000
Loans receivable		**–**	221
Total non-current assets		**655,280**	282,215
Current assets			
Inventories		**21,097**	13,377
Trade receivables	10	**11,794**	19,407
Loans receivable		**2,539**	5,686
Prepayment, deposits and other receivables		**105,066**	108,273
Term deposits		**–**	29,000
Pledged bank deposits		**45,854**	16,149
Cash and cash equivalents		**24,605**	9,081
Total current assets		**210,955**	200,973
Current liabilities			
Trade payables	11	**19,004**	23,762
Bank acceptance notes payable		**65,505**	23,070
Other payables	11	**76,818**	39,251
Subscription received		**–**	15,500
Payable for plant and equipment		**–**	66,442
Current portion of interest-bearing loans		**43,395**	30,974
Convertible bonds		**16,603**	–
Convertible note		**36,135**	–
Derivative financial instruments		**49,268**	–
Provision for taxation		**884**	606
Total current liabilities		**307,612**	199,605
Net current (liabilities)/assets		**(96,657)**	1,368
Total assets less current liabilities		**558,623**	283,583

	Note	2011 HK$'000	2010 HK$'000
Non-current liabilities			
Interest-bearing loans		**6,922**	18,165
Promissory notes		**–**	40,000
Convertible bonds		**–**	31,489
Deferred tax liabilities		**50,022**	1,434
Total non-current liabilities		**56,944**	91,088
NET ASSETS		**501,679**	192,495
CAPITAL AND RESERVES			
Share capital		**104,958**	45,378
Share premium and reserves		**272,247**	105,406
Equity attributable to owners of the Company		**377,205**	150,784
Non-controlling interests		**124,474**	41,711
TOTAL EQUITY		**501,679**	192,495

Statement of Financial Position
As at 31 March 2011

	Note	2011 HK$'000	2010 HK$'000 (restated)	2009 HK$'000 (restated)
Non-current assets				
Interests in subsidiaries		**1**	1	15,801
Deposit for acquisition		**–**	10,000	47,500
Amounts due from subsidiaries		**501,271**	235,670	46,325
Total non-current assets		**501,272**	245,671	109,626
Current assets				
Prepayment, deposits and other receivables		**5**	358	–
Cash and cash equivalents		**12,587**	6,790	1,136
Total current assets		**12,592**	7,148	1,136
Current liabilities				
Other payables		**2,329**	2,480	1,334
Subscription received		**–**	15,500	–
Convertible bonds		**16,603**	–	–
Convertible note		**36,135**	–	–
Derivative financial instruments		**49,268**	–	–
Total current liabilities		**104,335**	17,980	1,334
Net current liabilities		**(91,743)**	(10,832)	(198)
Total assets less current liabilities		**409,529**	234,839	109,428
Non-current liabilities				
Amounts due to subsidiaries		**41,635**	12,323	4,146
Promissory notes		**–**	40,000	–
Convertible bonds		**–**	31,489	–
Total non-current liabilities		**41,635**	83,812	4,146
NET ASSETS		**367,894**	151,027	105,282
CAPITAL AND RESERVES				
Equity attributable to owners of the Company				
Share capital		**104,958**	45,378	30,320
Share premium and reserves		**262,936**	105,649	74,962
TOTAL EQUITY		**367,894**	151,027	105,282

Notes to the Financial Statements

31 March 2011

1. GENERAL INFORMATION

Long Success International (Holdings) Limited ("the Company") is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office and principal place of business are Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and 26/F, EIB Centre, 40-44 Bonham Street, Sheung Wan, Hong Kong respectively.

The Company is an investment holding Company. During the year, its subsidiaries are principally engaged in (i) manufacturing and sales of paper products, (ii) money-lending business and (iii) biodegradable materials manufacturing business.

Its subsidiaries were also engaged in (iv) sales of customised software and related computer equipment, and provision of computer-related technical support and maintenance services and (v) sharing of profits of a junket representative of a VIP lounge in a casino in Macau but both of which were discontinued in the current year.

Basis Of Preparation

The Group incurred loss for the year ended 31 March 2011 of approximately HK$28,280,000 and as of that date, the Group's and the Company's current liabilities exceeded its current assets by HK$96,657,000 and HK$91,743,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The directors of the Company have been taking active steps to improve the liquidity position of the Group. These steps included (1) one of the substantial shareholders has confirmed his intention and ability to provide continuing financial support to the Group so as to enable it to meets its liabilities as and when they fall due and to carry on its business for the foreseeable future; (2) the directors of the Company are considering various alternatives to strengthen the capital base of the Company through various fund raising exercise, including but not limited to, private placement, open offer or right issue of new shares of the Company; and (3) the directors of the Company continue to take action to tighten cost controls over various operating expenses, with an aim to attaining profitable and positive cash flow operations.

In light of the measures described above, the directors are confident that the Group will have sufficient working capital to meet its financial obligation as and when they fall due. Accordingly, the directors are of the opinion that it is appropriate to prepare these consolidated financial statements on a going concern basis. These consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

The consolidated financial statements for the year ended 31 March 2011 comprise the Company and its subsidiaries (together referred to as the "Group").

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operations ("the functional currency"). Hong Kong dollar is the Company's functional and presentation currency. These financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand except for loss per share data.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the derivative financial instruments which are stated at their fair value.

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

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

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

2. IMPACT OF NEW AND REVISED HKFRSs

The Group has adopted the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") that are first effective for the current accounting period.

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separated financial statements
HKAS 32 (Amendments)	Classification of rights issues
HKAS 39 (Amendments)	Financial instruments: Recognition and measurement – eligible hedged items
HK(IFRIC) Int 17	Distributions of non-cash assets to owners
HK(Int) 5	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008

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

HKFRS 3 (revised 2008), Business combinations

As a result of the adoption of HKFRS 3 (revised 2008), any business combination acquired on or after 1 April 2010 will be recognised in accordance with the requirements under HKFRS 3 (revised 2008). Its application has affected the accounting for business combinations in the current year.

- HKFRS 3 (revised 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree. Consequently, the goodwill recognised in respect of the acquisition reflects the impact of the difference between the fair value of the non-controlling interests and their share of the recognised amount of the identifiable net assets of the acquiree.

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

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

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

HKFRS 3 (revised 2008) requires that where the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying amounts of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

In the current year, the application of HKFRS 3 (revised 2008) has affected the acquisition of Ever Stable Holdings Limited as follows:

Consolidated statement of financial position

	31/3/2011
	HK$'000
Acquisition-related costs expensed	(2,178)
Decrease in goodwill recognised as a result of the application of HKFRS 3 (revised 2008)	(2,178)

Consolidated statement of comprehensive income

	Year ended 31/3/2011
	HK$'000
Acquisition-related costs expensed	(2,178)
Increase in loss for the year as a result of the application of HKFRS 3 (revised 2008)	(2,178)

HKAS 27 (revised 2008), Consolidated and separate financial statements

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

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in loss of control. Previously, 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. For decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (amended 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, HKAS 27 (amended 2008) requires the derecognition of all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

In accordance with the transitional provisions of HKAS27, these changes in accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

Revisions to HKAS 27 (revised 2008) have not had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (no transactions whereby an interest in an entity is retained after the loss of control of that entity) and there is no requirement to restate the amounts recorded in respect of such previous transactions.

Amendments to HKAS 17 Leases, as part of Improvements to HKFRSs issued in 2009

HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

The application of the amendments to HKAS 17 has had no impact on the amounts reported in current and prior years as the Group has no leasehold land that qualifies for finance lease classification in current and prior years.

Hong Kong Interpretations 5, Presentation of Financial Statements - Classification by the Borrower of a Team Loan that Contains a Repayment on Demand Clause

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

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

The application of HK Int 5 has had no impact on the reported financial position or profit or loss for the current and prior years as the Group did not have such kind of term loans at the end of the reporting period.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current, provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period, notwithstanding that the entity could be required by the counterparty to settle in shares at any time.

In line with the amendments to HKAS 1, the Group has classified the liability component of convertible notes issued in the current year as non-current based on when cash settlement may be required to be made. This amendment has had no effect on the amounts reported in prior years.

3. REVENUE

Revenue represents the sales value of goods supplied to customers and interest income from money-lending operation, net of value-added tax and/or business tax. An analysis of the Group's revenue is as follows:

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Revenue		
Sales of package and paper products	**288,237**	155,417
Interest income from money-lending operation	**733**	1,330
	288,970	156,747

4. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank borrowings wholly repayable within five years	**7,469**	3,056
Interest on convertible redeemable note	**–**	2,250
Interest on promissory notes	**1,995**	1,366
Imputed interest on convertible bonds	**5,407**	2,531
Imputed interest on convertible note	**3,258**	–
Total interest expense on financial liabilities not at fair value through profit or loss	**18,129**	9,203

5. LOSS BEFORE TAXATION

Loss before taxation is stated after charging and/crediting the following:

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Auditor's remuneration	**1,562**	795
Costs of inventories sold included in costs of sales	**262,012**	144,782
Amortisation of prepaid lease payments	**480**	481
Amortisation of intangible assets	**9,116**	–
Depreciation	**16,493**	15,317
Impairment losses on goodwill	**–**	15,800
(Gain)/loss on extinguishment of convertible bonds/notes	**(1,267)**	1,066
Loss on disposal of property, plant and equipment	**337**	–
Exchange loss	**1,927**	–
Minimum lease payments under operating leases in respect of leased premises	**2,315**	1,643
Staff costs including directors' emoluments		
– Contributions to defined contribution retirement plan	**972**	1,945
– Equity-settled share-based payments expenses	**5,319**	7,902
– Salaries, wages and other benefits	**15,731**	17,072
	22,022	26,919

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of comprehensive income represents:

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Current tax - provision for current year:		
– Hong Kong	**–**	217
– PRC	**1,231**	311
Current tax – under provision in previous year:		
– PRC	**982**	–
Deferred tax		
– Credited to consolidated statement of comprehensive income during the year	**(1,946)**	–
	267	528

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year. Subsidiaries located in the PRC are subject to the PRC enterprise income tax at a rate of 25% (2010: 25%) on its assessable profits. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

A reconciliation of the theoretical tax expense calculated using the statutory tax rate to the actual tax expense is as follows:

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Loss before taxation (from continuing operations)	**(36,225)**	(26,441)
Tax at applicable tax rate	**(6,801)**	(6,701)
Tax effect of income not subject to tax	**(1,864)**	(129)
Tax effect of expenses not deductible for tax	**8,038**	7,226
Tax effect of temporary differences not recognised	**–**	132
Under provision in previous years	**982**	–
Tax effect of tax losses not recognized	**52**	–
Others	**(140)**	
Tax expense for the year	**267**	528

7. DIVIDENDS

No dividend has been paid, declared or recommended for payment by the directors of the Company during the year or since the end of the reporting period (2010: nil).

8. LOSS PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted loss per share is based on:

	2011	2010
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**(26,870)**	(45,026)

	2011	2010
	'000	*'000*
Weighted average number of ordinary shares in issue	**1,521,570**	902,556

The basic and diluted loss per share are the same for years ended 31 March 2011 and 2010 respectively, as the Group recorded loss attributable to owners of the Company. Hence, the effect of any incremental shares from the assumed exercises of share options, warrants and convertible note/bonds outstanding as at 31 March 2011 and 2010 would be anti-dilutive and was not included in the calculation of diluted loss per share.

From continuing operations

The calculations of basic and diluted loss per share are based on:

	2011	2010
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**(26,870)**	(45,026)
Less: Profit/(loss) for the year from discontinued operations	**8,212**	(17,599)
Loss for the purposes of basic loss per share from continuing operations	**(35,082)**	(27,427)

	2011	2010
	'000	*'000*
Weighted average number of ordinary shares in issue	**1,521,570**	902,556

The basic and diluted loss per share from continuing operations are the same for the years ended 31 March 2011 and 2010 respectively, as the Group recorded losses attributable to owners of the Company. Hence, the effect of any incremental shares from the assumed exercises of share options, warrants and convertible note/bonds outstanding as at 31 March 2011 and 2010 would be anti-dilutive and was not included in the calculation of diluted loss per share.

From discontinued operations

Basic earnings per share from discontinued operations is HK0.54 cents per share (2010: loss of HK1.95 cents per share) based on the profit for the year from the discontinued operations of HK$8,212,000 (2010: loss of HK$17,599,000) and the denominators detailed above.

Diluted earnings per share from discontinued operations for the year is HK0.53 cents per share based on the profit for the year from the discontinued operations of HK$8,212,000 and weighted average number of shares as detailed below:

	'000
Weighted average number of ordinary shares in issue	1,521,570
Effect of diluted potential ordinary shares from:	
– share options issued by the Company	4,445
– warrants issued by the Company	18,851
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,544,866

The diluted loss per share from discontinued operations for the year ended 31 March 2010 is the same as the basic loss per share from discontinued operations as detailed above, as the Group recorded losses attributable to owners of the Company. Hence, the effect of any incremental shares from the assumed exercise of share options, warrants and convertible note/bond outstanding as at 31 March 2010 would be anti-dilutive and was not included in the calculation of diluted loss per share.

Impact of changes in accounting policies

Changes in the Group's accounting policies during the year are described in detail in note 2. The table below summarises that impact on both basic and diluted earnings per share:

	Increase in loss for the year		**Increase in basic loss per share**		**Increase in diluted loss per share**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK Cent***	*HK Cent*	***HK Cent***	*HK Cent*
Changes in accounting policies relating to:						
– application of HKFRS 3 (revised 2008)	**(2,178)**	–	**(0.143)**	–	**(0.143)**	–

9. SEGMENT INFORMATION

The group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography in a manner consistent with the way in which information is reported internally to the Board of Directors of the Company, being the chief operating decision maker, for their decisions about resources allocation to the Group's business components and review of these components' performance.

The Group has the following continuing operating segments:

(i) Paper products – manufacturing, processing and sales of package and paper products;

(ii) Biodegradable products – manufacturing, processing and sales of biodegradable products; and

(iii) Money-lending business.

In prior years, the Group was involved in the following operating segments which were discontinued during the year ended 31 March 2011. The segment information does not include any amounts for these discontinued operations.

(iv) Information technology – sales and implementation of customized software and related computer equipment, and the provision of computer-related technical support and maintenance services;

(iv) Macau casino junket profit sharing – sharing of profits of a junket representative of a VIP lounge in a casino in Macau, being 0.4% of the rolling turnover generated by that junket representative together with any bonus payable by that casino and/or that VIP lounge to that junket representative; and

There were no sales or other transactions between the operating segments.

The segments are managed separately as each business offers different products and services. The accounting policies of the operating segments are the same as those described in the basis of preparation of the financial statements and significant accounting policies.

The following is an analysis of the Group's revenue from its major products and services:

	2011	2010
	HK$'000	*HK$'000*
Package and paper products	**288,237**	155,417
Interest income from money-lending operation	**733**	1,330
	288,970	156,747

(a) **Segment results, assets and liabilities**

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment assets include all tangible, intangible assets, loan receivable and other current assets. Segment liabilities include trade payables, bank acceptance notes, other payables, payable for plant and equipment, loans, with exception of provision for taxation and deferred tax liabilities.

The measurement used for reporting segment profit is "adjusted operating profit/(loss)". To arrive at "adjusted operating profit/(loss)", the Group's profit/(loss) are further adjusted for items not specifically attributed to individual segments, such as directors' and auditor's remuneration and other corporate expenses and administration costs. Taxation charge is not allocated to reporting segments.

Information regarding the Group's reportable segments as provided to the Group's directors for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2011 and 2010 is set out below.

Year ended 31 March 2011

Continuing operations

	Paper products	**Money-lending**	**Biodegradable products**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue				
Sales to external customers	**288,237**	**733**	**–**	**288,970**
Segment profit/(loss)	**12,475**	**(689)**	**(10,594)**	**1,192**
Segment assets	**436,356**	**4,743**	**411,463**	**852,562**
Segment liabilities	**154,886**	**103**	**50,779**	**205,768**
Other information				
Depreciation and amortisation	**1,398**	**1**	**9,348**	**10,747**
Capital expenditure	**12,493**	**–**	**3,412**	**15,905**

Year ended 31 March 2010

Continuing operations

	Paper products *HK$'000*	Money-lending *HK$'000*	Biodegradable products *HK$'000*	Total *HK$'000*
Segment revenue				
Sales to external customers	155,417	1,330	–	156,747
Segment profit/(loss)	1,469	(283)	–	1,186
Segment assets	425,917	37,461	–	463,378
Segment liabilities	191,595	695	–	192,290
Other information				
Depreciation and amortisation	14,606	2	–	14,608
Capital expenditure	9,709	6	–	9,715

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Revenue		
Total reportable segment revenue	**288,970**	156,747
Consolidated turnover	**288,970**	156,747
Loss		
Total reportable segment profit derived from the Group's external customers	**1,192**	1,186
Finance costs	**(18,129)**	(9,203)
Unallocated income	**7,781**	5,748
Unallocated corporate expenses	**(27,069)**	(24,172)
Consolidated loss before taxation	**(36,225)**	(26,441)
Assets		
Total reportable segment assets	**852,562**	463,378
Available-for-sale financial assets	**180**	180
Discontinued operations	**–**	885
Unallocated corporate assets	**13,493**	18,745
Consolidated total assets	**866,235**	483,188
Liabilities		
Total reportable segment liabilities	**205,768**	192,290
Deferred tax liabilities	**50,022**	1,434
Convertible bonds	**16,603**	31,489
Promissory note	**–**	40,000
Convertible note	**36,135**	–
Derivative financial instruments	**49,268**	–
Discontinued operations	**–**	6,620
Unallocated corporate liabilities	**6,760**	18,860
Consolidated total liabilities	**364,556**	290,693

(c) 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, prepaid lease payments, intangible assets, goodwill, deposit for acquisition, loans receivable. The geographical location of property, plant and equipment, prepaid lease payments, deposit for acquisition and loans receivable is based on the physical location of the asset under consideration. In the case of intangible assets and goodwill, it is based on the location of the operation to which these intangibles are allocated.

The following table presents an analysis of the Group's revenue from external customers according to the geographical locations where those customers are located:

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
PRC	**288,237**	155,417
Hong Kong (place of domicile)	**733**	1,330
	288,970	156,747

The following table presents an analysis of the Group's non-current assets (other than financial instruments) according to the geographical areas where those assets are located:

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
PRC	**653,409**	269,341
Hong Kong	**1,691**	2,651
Unallocated – Deposit for acquisition of subsidiaries	**–**	10,000
	655,100	281,992

(d) Information about major customers

During the year ended 31 March 2011, one customer accounted for approximately HK$41,179,000 (2010: HK$18,494,000) of the Group's revenue, which was attributed to the paper products segment. Save as aforesaid, no other external customers accounted for 10% or more of the Group's revenue for the years ended 31 March 2011 or 2010.

10. TRADE RECEIVABLES

	Group 2011 HK$'000	Group 2010 HK$'000
Trade receivable	**8,460**	19,967
Bank acceptance notes receivable	**3,334**	2,481
Less: Allowance for impairment	**–**	(3,041)
	11,794	19,407

As of 31 March 2011, approximately HK$Nil (2010: HK$1,432,000) of bank acceptance notes receivable was pledged for the bank acceptable notes payable.

All of the trade receivables are expected to be recovered within one year.

(a) Age analysis

The ageing analysis of trade receivables based on invoice date, net of allowance, is as follows:

	Group 2011 HK$'000	Group 2010 HK$'000
Within three months	**11,268**	9,768
Over three months but within six months	**473**	4,235
Over six months but within one year	**40**	5,366
Over one year but within two years	**13**	38
	11,794	19,407

Trade debtors and bills receivable are due within 1 to 3 months from the date of billing.

(b) Impairment of trade receivables

Impairment losses in respect of trade 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 directly.

The movement in the allowance for impairment of doubtful debts during the year, including both specific and collective loss components, is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
At beginning of year	**3,041**	2,916
Impairment losses recognised	**–**	125
Derecognised on disposal of subsidiaries	**(3,041)**	–
At end of year	**–**	3,041

At 31 March 2010, the individually impaired receivables related to customers that were in unexpected difficult financial situations and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for impairment of doubtful debts of HK$3,041,000 were recognised. The group does not hold any collateral over these balances.

(c) Trade receivables that are not impaired

The ageing analysis of the receivables that are past due but not impaired, along with receivables that are neither past due nor impaired, is as follows:

	2011	2010
	HK$'000	*HK$'000*
Past due but not impaired:		
– Less than three months past due	**345**	2,365
– Over three months but within six months past due	**304**	5,254
– Over six months past due	**33**	3,678
– Over 1 year past due	**13**	38
	695	11,335
Neither past due nor impaired	**11,099**	8,072
	11,794	19,407

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

Included in the Group's trade receivables as at 31 March 2011 are debtors with an aggregate carrying amount of HK$695,000 (2010: HK$11,335,000) which are past due but not impaired at the end of the reporting period, as the directors have assessed these debtors to be recoverable based on their settlement records relate to a number of independent customers that have a good track record with the group. The Group does not hold any collateral over these balances.

Trade receivables that are neither past due nor impaired related to a number of independent customers who have no recent history of default. The Group does not hold any collateral over these balances.

11. TRADE PAYABLES AND OTHER PAYABLES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Trade payables	**19,004**	23,762
Other payables		
– Accruals	**11,711**	10,755
– Other payables	**12,582**	7,709
– Customers deposit	**2,222**	16,888
– Payable for acquisition of property, plant and equipment	**6,010**	1,383
– Amount due to non-controlling interests	**44,159**	–
– Amount due to a director	**134**	2,516
	76,818	39,251

		Company	
	2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*
Other payables			
– Accruals	**1,248**	2,480	1,334
– Other payables	**1,081**	–	–
	2,329	2,480	1,334

Notes:

(i) All of the trade and other payables (including amounts due to related parties) are expected to be settled within one year or are repayable on demand.

(ii) Amounts due to non-controlling interests and a director are unsecured, interest-free and repayable on demand.

The ageing analysis of trade payables as at the end of the reporting period, based on the invoice date is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
Within three months	**16,393**	12,501
Over three months but within six months	**1,302**	4,520
Over six months but within one year	**1,028**	5,098
Over one year but within two years	**281**	1,643
	19,004	23,762

EXTRACTION OF INDEPENDENT AUDITOR'S REPORT

Opinion

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

Emphasis of matter in relation to the going concern basis for preparation of financial statements

Without qualifying our opinion, we draw attention to notes to the financial statements which indicates that the Group incurred loss of approximately HK$28,280,000 for the year ended 31 March 2011, as of the date, the Group's and the Company's current liabilities exceeded its current assets by HK$96,657,000 and HK$91,743,000 respectively. These conditions, along with other matters as set forth in note, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's abilities to continue as a going concern. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the success of the measures as stated in note for the Group, to raise of new funds to cover the Group's losses and to meet its financing commitment.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the core businesses of the Group comprise (i) paper manufacturing business; (ii) biodegradable materials manufacturing business; and (iii) money lending services.

(A) Major Acquisition

Referring to the announcement and circular of the Company dated 26 March 2010 and 17 June 2010 respectively, the Board proposed to acquire the entire equity interest in Ever Stable Holdings Limited ("Ever Stable") which holds 60% equity interest in Dongguan Jiu He Bioplastics Company Limited ("Dongguan Jiu He"), at a consideration of HK$280 million (the "Ever Stable Acquisition"). The payment of the consideration was to be satisfied by (i) cash of HK$215 million by three installments; and (ii) the issuance and allotment of 216,000,000 new shares ("Consideration Shares") by the Company in the principal amount of HK$65 million at an issue price of HK$0.3009 per Consideration Share. Pursuant to the acquisition agreement (the "Acquisition Agreement") entered between Fast Rise Development Limited, a wholly-owned subsidiary of the Group, with the vendor (the "Vendor"), the Vendor should provide a profit guarantee in favour of the Company that the profit after taxation of Dongguan Jiu He would not be less than HK$60 million, HK$80 million and HK$100 million for the financial years

2011, 2012 and 2013 respectively. Dongguan Jiu He is principally engaged in the development, production and sales of biodegradable materials and related products by entering into a patent license agreement with its PRC partner dated 21 February 2010 in relation to the patented technologies. The patented technologies include two patents: (i) registered under PRC patent number ZL200610035466.0 of patent name "a production method for a fully biodegradable plastic resin and its related film products", with a validity period from 16 May 2006 to 15 May 2026; and (ii) registered under PRC patent number ZL01144447.9 of patent name "a production method for a starch-based biodegradable material and its related disposable tableware", with a validity period from 18 December 2001 to 17 December 2020. Details of the Ever Stable Acquisition were set out in the Company's announcement dated 26 March 2010, and the circular dated 17 June 2010. The shareholders of the Company, at the special general meeting held on 5 July 2010, approved the Acquisition Agreement and the transactions contemplated thereunder. Completion of the Ever Stable Acquisition took place on 30 September 2010.

Referring to the announcement dated 28 March 2011, the Company entered into a supplemental agreement with the vendor (the "Supplemental Agreement") to amend certain terms and conditions of the Acquisition Agreement to reflect the revised corporate structure of Ever Stable. In addition to the 60% equity interest in Dongguan Jiu He, Ever Stable further owns 100% of World Champion Investments Limited ("World Champion") which holds the entire equity interest of Zhongshan Jiu He Bioplastic Company Limited ("Zhongshan Jiu He"). Under the Supplemental Agreement, the registered capital and paid-up capital of Zhongshan Jiu He are to be included in the calculation of the obligations of the Vendor under the Acquisition Agreement relating to the increase of the registered capital and paid-up capital of Dongguan Jiu He. Further, the relevant periods for the profit guarantee under the Acquisition Agreement are amended and postponed to the three financial years of 2012, 2013 and 2014.

By a declaration of trust dated 7 June 2011, World Champion declares that it, as the nominee, holds 40% equity interest of Zhongshan Jiu He for and on behalf of Guangdong Shangjiu Biodegradable Plastics Company Limited ("Shangjiu"), being the PRC partner of Dongguan Jiu He, from 4 March 2011. Upon request by Shangjiu, World Champion and Shangjiu shall enter into an equity transfer agreement, pursuant to which the 40% equity interests in Zhongshan Jiu He held by World Champion shall be transferred to Shangjiu.

(B) Continuing Connected Transactions

Referring to the announcement and circular of the Company dated 26 May 2010 and 17 June 2010 respectively, Dongguan Jiu He, a joint venture company of which the Company holds 60% equity interest through the Ever Stable Acquisition, entered into an agreement ("Master Agreement") with Shangjiu, which holds 40% of Dongguan Jiu He, in relation to the supply of biodegradable resin and related products ("Products"). Pursuant to the Master Agreement, Dongguan Jiu He agreed to supply and Shangjiu agreed to purchase the Products for a period of three years and the price for the Products should be determined in accordance with the relevant prevailing market price at the time the purchase order is placed by Shangjiu. The annual maximum total amount of the transactions contemplated under the Master Agreement for each of the three years is HK$350,000,000, HK$1,000,000,000 and HK$1,000,000,000 respectively. The shareholders of the Company, at the special general meeting held on 5 July 2010, approved the Master Agreement and the transactions contemplated thereunder.

(C) Subscriptions For New Shares ("Subscriptions")

Referring to the announcement of the Company dated 16 April 2010, the Company entered into a subscription agreement with certain subscribers who subscribed for 104,390,000 new shares of HK$0.04 each in the share capital of the Company at a subscription price of HK$0.22 each. The net proceeds from the subscription were approximately HK$22,200,000 and were applied as part payment of the refundable deposit for the Ever Stable Acquisition. Completion of the subscription took place on 29 April 2010.

Referring to the announcement of the Company dated 30 June 2010, the Company entered into a subscription agreement with certain subscribers who subscribed for 121,000,000 new shares of HK$0.04 each in the share capital of the Company at a subscription price of HK$0.20 each. The net proceeds from the subscription were approximately HK$24,000,000 and were applied as part payment of the refundable deposit for the Ever Stable Acquisition. Completion of the subscription took place on 22 July 2010.

Referring to the announcement and circular of the Company dated 14 October 2010 and 3 November 2010 respectively, the Company entered into certain subscription agreements with certain subscribers who subscribed for 853,000,000 new shares of HK$0.04 each in the share capital of the Company at a subscription price of HK$0.145 each. Completion of the subscription took place on 2 December 2010. The net proceeds of approximately HK$120,000,000 from the subscription were used as payment for the Ever Stable Acquisition and redemption of the promissory note issued by the Company.

(D) Placing Of Warrants

Referring to the announcement of the Company dated 5 November 2010, the Company entered into the placing agreement with the placing agent, pursuant to which the Company agreed to appoint the placing agent, on a fully underwritten basis, for the purposes of arranging subscribers for the subscription of the warrants. The issue price per warrant was HK$0.01 and the subscription price was HK$0.15 (subject to adjustment). Upon the exercise of the subscription rights attaching to the warrants in full, a maximum of 150,000,000 new shares would be issued and allotted. The net proceeds of approximately HK$1,250,000 from the placing (without taking into account of the exercise of the warrants) were used as general working capital of the Group. If the warrants were exercised in full, an additional amount of approximately HK$22,000,000 would be raised. The additional net proceeds of approximately HK$22,000,000 (with minimal administrative expenses) was intended to be used as general working capital of the Group.

(E) Issue of Convertible Notes

Referring to the announcements of the Company dated 17 November 2010 and 3 December 2010, and circular of the Company dated 7 December 2010, the Company entered into the subscription agreement with the subscriber pursuant to which the subscriber conditionally agreed to subscribe for the convertible notes (the "Notes") in the principal amount of RMB70,000,000 (equivalent to approximately HK$81,680,280) due five years from the closing date with the right to convert the Notes into 474,928,028 conversion shares at the accreted principal amount and the initial conversion price of HK$0.25 (subject to adjustments and reset) per conversion share. The proceeds from the subscription were expected to give greater flexibility to the Group for its existing business development. Completion of the issue of Notes took place on 28 December 2010. The net proceeds from the issue of the Notes (after deduction of all related expenses) of approximately RMB65,989,000 (equivalent to HK$77,000,000) were used for the payment for the Ever Stable Acquisition, expansion of paper manufacturing business and as general working capital of the Group.

(F) Increase in Authorized Share Capital

Pursuant to an ordinary resolution passed by the shareholders of the Company on 23 December 2010, the authorised share capital of the Company was increased from HK$100,000,000 divided into 2,500,000,000 ordinary shares of HK$0.04 each to HK$300,000,000 divided into 7,500,000,000 ordinary shares of HK$0.04 each.

(G) Profit Guarantee

Referring to the announcement dated 31 March 2011, the Board announced that the audited consolidated net profit after taxation of Shangdong Province Jining Ganing Paper Co. Ltd. ("Jining Ganing") for the financial year ended 31 December 2010 was RMB 4.32 million. Under the acquisition agreement of the entire equity interest of Mega Bright dated 10 February 2009 ("MB Agreement"), the vendor, Mr. Chook Hong Shee ("Mr. Chook") had given a profit guarantee that the profit after tax of Jining Ganing for each of the two years ending 31 December 2011 should not be less than RMB60 million ("MB Profit Guarantee") and should compensate Glory Smile Enterprises Limited ("Glory Smile"), a wholly-owned subsidiary of the Company the shortfall of the MB Profit Guarantee in proportion to its 51% equity interest in Jining Ganing. As such, the compensation under the MB Profit Guarantee for the year ended 31 December 2010 to Glory Smile should be RMB28.39 million (equivalent to approximately HK$32.88 million) (the "Shortfall"). Pursuant to the confirmation letter dated 31 March 2011, Glory Smile agreed that a sum of HK$22,000,000, representing 67% of the Shortfall, should be compensated by setting off an equivalent amount from the convertible bonds issued to Mr. Chook under the MB Agreement. The outstanding amount of the Shortfall will be aggregated into and increase the MB Profit Guarantee, without interest, for the financial year ending 31 December 2011.

FINANCIAL REVIEW

REVENUE AND LOSS ATTRIBUTABLE TO SHAREHOLDERS

During the year under review, the Group's revenue was approximately HK$288.97 million, an increase of 84.35% as compared to last year (2010: HK$156.75 million). The increase in revenue was mainly due to the paper manufacturing business, which recorded a revenue of HK$288.24 million for the year under review. There was no revenue contributed by the biodegradable materials manufacturing business acquired during the year because the renovation of new plant in Zhongshan was only completed at the end of March 2011. Production facilities of the Zhongshan plant will be installed in July 2011 and put into operation in August 2011.

For the year under review, the Group recorded a net loss of HK$26.87 million as against a net loss of HK$45.03 million in 2010. The net loss attributable to the shareholders was mainly due to the non-cash cost associated with equity-settled share options; the interest expenses on convertible note, promissory notes and bank borrowings; the amortisation of intangible assets; and the amortisation of the liability portion of the convertible bonds and convertible note.

SEGMENT PERFORMANCE

During the year under review, revenue contributed by the Group's paper manufacturing business, provision of money lending services was 99.7% and 0.3% respectively, comparing to 99.2% and 0.8% respectively in 2010.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 March 2011, the Group's cash and bank balances which were principally Renminbi and Hong Kong dollar denominated, amounted to approximately HK$70.46 million (2010: HK$25.23 million). The Group was not exposed to any substantial risk in foreign exchange fluctuations. In general, the Group mainly used its Renminbi income receipt for operating expenses in the PRC and did not use any financial instruments for hedging purpose.

As at 31 March 2011, the Group had secured bank loans of approximately HK$27.99 million (2010: HK$26.07 million), unsecured bank loans of approximately HK$3.57 million (2010: Nil) and secured entrustment loan of approximately HK$18.76 million (2010: HK$23.07 million). All borrowings were denominated in Renminbi and the bank loans of approximately HK$21.44 million had fixed interest rates.

As at 31 March 2011, the Group's gearing ratio, measured on the basis of total borrowings (including convertible bonds; convertible note and derivative financial instruments) as a percentage of total shareholder's funds, was approximately 30.38% (2010: 62.7%). The Group continues to monitor its working capital requirement closely with a view to reducing its total borrowings to lower the finance costs and maintain a healthy net gearing ratio of the Group.

During the year under review, the Group financed its operations primarily with internally generated cash flow as well as the funds raised successfully from the issuance of a convertible note and the Subscriptions in the amount of approximately HK$77 million and HK$166.2 million after expenses respectively. Funds raised from the convertible note were used for the payment for the Ever Stable Acquisition , expansion of paper manufacturing business and as general working capital of the Group. Funds raised from the Subscriptions were applied as payment for the Ever Stable Acquisition and as general working capital.

The Group adopted a conservative financial management and treasury policy and will continue to apply such policy in the coming year. The Group will need to raise additional funds for the expansion of paper manufacturing business and biodegradable material manufacturing business. In view of the Group's current liquidity position, the Directors expect the Group will be able to raise sufficient funds to meet its operational and investment needs in the foreseeable future.

CHARGE OF GROUP'S ASSETS

As at 31 March 2011, the Group's land use rights and buildings with net carrying values of approximately HK$19.56 million and HK$41.39 million respectively were pledged to secure bank loans of approximately HK$27.99 million. In addition, the Group had restricted bank deposits of approximately HK$45.85 million held to secure bank acceptance notes payable of approximately HK$65.51 million arising from normal trade.

As at 31 March 2010, the Group's land use rights and buildings with net carrying values of approximately HK$19.42 million and HK$42.22 million respectively were pledged to secure bank loans of approximately HK$26.07 million. In addition, the Group had restricted bank deposits of approximately HK$16.15 million and bank acceptance notes receivable of approximately HK$1.43 million held to secure bank acceptance notes payable of approximately HK$23.07 million arising from normal trade.

FOREIGN CURRENCY EXPOSURE

The Group continues to adopt a conservative treasury policy with almost all deposits in Hong Kong dollars and Renminbi, keeping minimum exposure to foreign exchange risks. As the sales, purchases, expenditures, assets and liabilities are mainly denominated in Hong Kong dollars and Renminbi, the Group has not adopted any hedging policy or entered into any derivative products which are considered not necessary for the Group's treasury management activities.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities at 31 March 2011.

As at 31 March 2010, the Group had contingent liabilities arising out of an outstanding litigation. A District Court action was commenced by a customer against a subsidiary of the Group in respect of claims for damages of HK$784,320 and a return of service fee of HK$10,080 paid by the customer and interests thereon, by reason of the subsidiary's repudiatory breach of a computer software implementation and maintenance contract and total failure of consideration and/or money had and received. On 3 December 2008, the subsidiary filed a defence and counterclaim for service fees of HK$76,000 and interest thereon.

No settlement has been reached for the action mentioned above and no judgment has yet been made against the subsidiary in respect of such claims. The Directors consider that it is not possible to estimate the eventual outcome of such claims with reasonable certainty at the current stage. The Directors are of the opinion that the subsidiary has a valid defence and consider such claims would not have material adverse impact on the financial position of the Group. The Company disposed of the entire issued share capital of this subsidiary in August 2010.

EMPLOYEES

As at 31 March 2011, the Group had approximately 107 (2010: 105) employees in Hong Kong and the PRC. The total remuneration to employees, including the executive Directors for the year under review, amounted to approximately HK$22.02 million (2010: HK$26.92 million). Employees in Hong Kong are entitled to provident fund contributions and medical insurance. For employees in the PRC, the Group is required to contribute to state-sponsored retirement plans at certain prescribed rates based on their basic salaries. In addition, the Group provides comprehensive on-the-job trainings to its employees and sponsors employees who participate in job-related training courses to ensure that their qualifications always meet the changing market standards. The remuneration policy and packages are regularly reviewed by the Board. Apart from provident fund scheme, medical insurance and discretionary bonuses, share options are also awarded to employees according to the assessment of individual performance.

FUTURE PLAN OF CAPITAL INVESTMENTS

In addition to the continued improvement of the operating performance of the existing businesses, the Group will seek new business collaborations and investment opportunities for diversification.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2011, the following Directors and chief executive of the Company had or were deemed to have interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules:

Long positions in Shares:

Name	Type of interest	Number of ordinary shares of the Company	Number of underlying shares of the Company	Total	Percentage of Shareholding
Directors					
Wong Kam Leong	Corporate Interest	654,125,000 *(Note 1)*		669,125,000	25.50%
	Personal Interest		15,000,000 *(Note 2)*		
Hu Dongguang	Personal Interest	–	15,000,000 *(Note 2)*	15,000,000	0.57%
Wu Bingxiang	Personal Interest	–	14,000,000 *(Note 3)*	14,000,000	0.53%
Guo Wanda	Personal Interest	–	14,000,000 *(Note 3)*	14,000,000	0.53%
Zhang Chi *(Note 8)*	Personal Interest	36,350,000	10,000,000 *(Note 4)*	46,350,000	1.77%
Ng Kwok Chu, Winfield	Personal Interest	–	1,500,000 *(Note 5)*	1,500,000	0.06%
Ng Chau Tung, Robert	Personal Interest	–	1,500,000 *(Note 5)*	1,500,000	0.06%
Tse Ching Leung	Personal Interest	–	1,700,000 *(Note 6)*	1,700,000	0.06%
Wang Qingyi	Personal Interest	–	1,000,000 *(Note 7)*	1,000,000	0.04%

Notes:

1. Out of the 654,125,000 shares in the Company, 248,125,000 shares are beneficially owned by and registered in the name of Wide Fine International Limited ("Wide Fine"), a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Wong Kam Leong, an executive Director and 406,000,000 shares are beneficially owned by and registered in the name of View Good International Limited ("View Good"), a company incorporated in Hong Kong with limited liability and is wholly-owned by Ms. Tam Sio Wan, the wife of Mr. Wong Kam Leong.

2. As at 31 March 2011, 15,000,000 share options conferring rights to subscribe for 15,000,000 shares.

3. As at 31 March 2011, 14,000,000 share options conferring rights to subscribe for 14,000,000 shares.

4. As at 31 March 2011, 10,000,000 share options conferring rights to subscribe for 10,000,000 shares.

5. As at 31 March 2011, 1,500,000 share options conferring rights to subscribe for 1,500,000 shares.

6. As at 31 March 2011, 1,700,000 share options conferring rights to subscribe for 1,700,000 shares.

7. As at 31 March 2011, 1,000,000 share options conferring rights to subscribe for 1,000,000 shares.

8. Resigned on 29 April 2011.

Save as disclosed above, at no time during the year under review was the Company or any of its subsidiaries a party to any arrangement to enable any of the Directors or members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

Save as disclosed above, none of the Directors and chief executive (including their spouse and children under the age of 18) had any interest in, or had been granted, or exercised, any right to subscribe for the shares of the Company and its associated corporations (within the meaning of the SFO).

Save as disclosed above, none of the Directors, chief executive or their associates had any interests or short position in the securities of the Company or any of its associated corporations as defined in Part XV of the SFO which was discloseable for the year ended 31 March 2011.

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31 March 2011, the Company had been notified of the following substantial shareholder's interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executive.

Name	Number of ordinary shares held	Number of underlying shares held	Total	Percentage of shareholding
Wide Fine International Limited *(Note 1)*	248,125,000 (L)	–	248,125,000 (L)	9.46%
View Good International Limited *(Note 2)*	406,000,000 (L)	–	406,000,000 (L)	15.47%
Sam Hon Sum	22,000,000 (L)	–	22,000,000 (L)	0.84%
	210,000,000 (S)	–	210,000,000 (S)	8.00%
Yardley Finance Limited *(Note 3)*	210,000,000 (L)	–	210,000,000 (L)	8.00%
Nicky International Limited *(Note 4)*	216,000,000 (L)	–	216,000,000 (L)	8.23%
Leung Wa *(Note 5)*	222,000,000 (L)	–	222,000,000 (L)	8.46%

The letter "L" denotes a long position in the shares.

The letter "S" denotes a short position in the shares.

Notes:

1. Wide Fine International Limited is beneficially and wholly owned by Mr. Wong Kam Leong ("Mr. Wong"), an executive Director.

2. View Good International Limited is beneficially and wholly owned by Ms. Tam Sio Wan, the wife of Mr.Wong.

3. Yardley Finance Limited is beneficially and wholly owned by Mr. Chan Kin Sun.

4. Nicky International Limited is beneficially and wholly owned by Mr. Chen Jianqiu and Mr. Leung Wa in equal shares.

5. Out of 222,000,000 shares, 216,000,000 shares are attributable by shares held Nicky International Limited.

Save as disclosed above, no other person had registered an interest or short position in the shares and underlying shares of the Company that was required to be reported pursuant to section 336 of the SFO as at 31 March 2011.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2011, the Directors were not aware of any business or interest of each Director, management shareholder (as defined in the GEM Listing Rules) and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield as chairman, Mr. Ng Chau Tung, Robert and Mr. Tse Ching Leung with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 March 2011.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices ("Code on CG Practices") contained in Appendix 15 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings regarding securities transactions by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specified enquiry with the Directors, all the Directors confirmed that they have complied with the required code of conduct and required standard of dealings.

On behalf of the Board
Wong Kam Leong
Chairman

28 June 2011, Hong Kong

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Wong Kam Leong, Mr. Hu Dongguang, Mr. Wu Bingxiang and Dr. Guo Wanda and four independent non-executive directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert, Mr. Tse Ching Leung and Mr. Wang Qingyi.

This announcement will remain on the "Latest Company Announcements" page of the GEM website for 7 days from the date of its publication