Sparkle Roll Group Limited

耀萊集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 970)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

RESULTS

The Board of directors (the "Directors") of Sparkle Roll Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2009, together with the comparative figures for the last corresponding year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Revenue	*3*	**611,530**	156,726
Cost of sales		**(627,678)**	(128,050)
Gross (loss)/profit		**(16,148)**	28,676
Other revenue and gains	*4*	**48,436**	3,488
Selling and distribution costs		**(29,060)**	(3,302)
Administrative expenses		**(39,645)**	(19,360)
Other operating expenses		**(132,835)**	(991)
Operating (loss)/profit	*5*	**(169,252)**	8,511
Finance costs	*6*	**(16,472)**	(226)
(Loss)/profit before income tax		**(185,724)**	8,285
Income tax expense	*7*	**(6,031)**	(2,052)
(Loss)/profit for the year		**(191,755)**	6,233

	Notes	**2009**	2008
		HK$'000	*HK$'000*
Attributable to:			
Equity holders of the Company		**(189,969)**	6,585
Minority interests		**(1,786)**	(352)
(Loss)/profit for the year		**(191,755)**	6,233
Dividends	*8*	**17,862**	2,169
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company during the year	*9*		
- Basic		**HK(12.6) cents**	HK0.63 cent
- Diluted		**N/A**	HK0.63 cent

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**18,772**	13,591
Prepaid lease payments		**-**	8,184
Intangible assets		**9,778**	10,551
Goodwill	*10*	**597,334**	141,194
Deferred tax assets		**-**	4,388
Deposits		**-**	50,000
		625,884	227,908
Current assets			
Prepaid lease payments		**-**	174
Inventories		**86,761**	59,874
Film rights		**11,746**	46,307
Trade receivables	*11*	**22,161**	19,729
Deposits, prepayments and other receivables		**40,977**	23,004
Amounts due from related companies		**13,813**	-
Derivative financial instruments		**698**	2,428
Tax recoverable		**231**	775
Pledged bank deposits		**5,337**	4,406
Cash at banks and in hand		**71,564**	27,172
		253,288	183,869
Current liabilities			
Trade payables	*12*	**12,943**	9,943
Receipts in advance, accrued charges and other payables		**52,395**	35,687
Amounts due to related parties		**10,601**	-
Derivative financial instruments		**697**	2,317
Provision for tax		**2,552**	1,180
Borrowings		**33,424**	930
		112,612	50,057
Net current assets		**140,676**	133,812
Total assets less current liabilities		**766,560**	361,720

	Notes	**2009**	2008
		HK$'000	*HK$'000*
Non-current liabilities			
Receipts in advance and other payables		**3,919**	2,148
Convertible notes		**183,668**	-
Deferred tax liabilities		**22**	686
		187,609	2,834
Net assets		**578,951**	358,886
EQUITY			
Equity attributable to the Company's equity holders			
Share capital		**3,572**	2,172
Reserves		**571,922**	349,278
		575,494	351,450
Minority interests		**3,457**	7,436
Total equity		**578,951**	358,886

NOTES

1. Basis of preparation

The financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. Adoption of new or amended HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issues by the HKICPA, which are relevant to and effective for the Group's financial statements during the year.

HKAS 39 (Amendments)	Reclassification of Financial Assets

The new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

At the date of authorisation of these financial statements, the following new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 28	Investments in Associates - Consequential Amendments Arising from Amendments to HKFRS 3[2]
HKAS 31	Interests in Joint Ventures - Consequential Amendments Arising from Amendments to HKFRS 3[2]
HKAS 32, HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 (Amendment)	Eligible Hedge Items[2]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[2]
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[1]
HKFRS 2 (Amendments)	Share-based Payment - Vesting Conditions and Cancellation[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) - Int 2 (Amendments)	Members' Shares in Co-operative Entities and Similar Instruments[1]
HK(IFRIC) - Int 9 (Amendments)	Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement - Embedded Derivatives[6]
HK(IFRIC) - Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation[4]
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners[2]
HK(IFRIC) - Int 18	Transfer of Assets from Customers[7]
Various	Improvements to HKFRSs[5]
Various	Improvements to HKFRSs 2009[8]

1 *Effective for annual periods beginning on or after 1 January 2009*

2 *Effective for annual periods beginning on or after 1 July 2009*

3 *Effective for annual periods beginning on or after 1 July 2008*

4 *Effective for annual periods beginning on or after 1 October 2008*

5 *Generally effective for annual periods beginning on or after 1 January 2009 unless otherwise stated in the specific HKFRS*

6 *Effective for annual periods ending on or after 30 June 2009*

7 *Effective for transfers of assets from customers received on or after 1 July 2009*

8 *Generally effective for annual periods beginning on or after 1 January 2010 unless otherwise stated in the specific HKFRS*

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

Among these new standards and interpretations, HKAS 1 (Revised) "Presentation of Financial Statements" is expected to materially change the presentation of the Group's financial statements. The amendments affect the presentation of owner changes in equity and introduce a statement of comprehensive income. The Group will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

In addition, HKFRS 8 "Operating Segments" may result in new or amended disclosures. The directors are in the process of identifying reportable operating segments as defined in HKFRS 8.

The directors are currently assessing the impact of other new and amended HKFRSs upon initial application. So far, the directors have preliminarily concluded that the initial application of these HKFRSs is unlikely to have a significant impact on the Group's results and financial position.

3. Segment information

Primary reporting format - business segments

The Group is currently organised into four (2008: two) main operating divisions, namely, publications and distributions of comic books, multimedia development, trading of automobiles and related parts and accessories and provision of after-sale services and trading of branded watches. These four business segments are the basis on which the Group reports its primary segment information. There are no intersegment sales between the respective segments.

For the year ended 31 March

	Publications and distributions of comic books		Multimedia development		Trading of automobiles and related parts and accessories and provision of after-sale services		Trading of branded watches		Group	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenues:										
Sales to external customers	**94,464**	109,675	**57,863**	47,051	**435,679**	-	**23,524**	-	**611,530**	156,726
Other revenue	**18,376**	86	**4,347**	345	**24,904**	-	-	-	**47,627**	431
	112,840	109,761	**62,210**	47,396	**460,583**	-	**23,524**	-	**659,157**	157,157
Segment results	**(120,520)**	5,522	**(82,260)**	12,328	**38,366**	-	**4,648**	-	**(159,766)**	17,850
Unallocated income									**809**	3,057
Unallocated expenses									**(10,295)**	(12,396)
Operating (loss)/profit									**(169,252)**	8,511
Finance costs									**(16,472)**	(226)
(Loss)/profit before income tax									**(185,724)**	8,285
Income tax expense									**(6,031)**	(2,052)
(Loss)/profit for the year									**(191,755)**	6,233

As at 31 March

	Publications and distributions of comic books		Multimedia development		Trading of automobiles and related parts and accessories and provision of after-sale services		Trading of branded watches		Group	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**35,880**	180,400	**87,376**	140,740	**692,918**	-	**52,121**	-	**868,295**	321,140
Unallocated assets									**10,877**	90,637
Total assets									**879,172**	411,777
Segment liabilities	**22,109**	19,168	**18,486**	28,088	**33,813**	-	**1,049**	-	**75,457**	47,256
Unallocated liabilities									**224,764**	5,635
Total liabilities									**300,221**	52,891

For the year ended 31 March

	Publications and distributions of comic books		Multimedia development		Trading of automobiles and related parts and accessories and provision of after-sale services		Trading of branded watches		Group	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Capital expenditure	**323**	6,188	**1,519**	8,037	**11,139**	-	**5,951**	-	**18,932**	14,225
Unallocated portion									**4,161**	-
Total capital expenditure									**23,093**	14,225
Amortisation charges	**1,103**	1,924	**4,644**	3,559	**-**	-	**783**	-	**6,530**	5,483
Depreciation	**529**	877	**1,461**	697	**2,746**	-	**9**	-	**4,745**	1,574
Unallocated portion									**838**	-
Total depreciation									**5,583**	1,574
Allowance for impairment of goodwill	**124,539**	-	**2,707**	-	**-**	-	**-**	-	**127,246**	-
Other non-cash expenses	**4,421**	940	**79,166**	1,423	**302**	-	**82**	-	**83,971**	2,363
Unallocated portion									111	319
Total other non-cash expenses									**84,082**	2,682

Secondary reporting segment - geographical segments

The Group's operations are located in three (2008: three) main geographical areas. The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods and services.

Revenue from external customers by geographical markets:

	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**103,940**	89,303
PRC	**505,990**	59,762
Others	**1,600**	7,661
	611,530	156,726

The following table is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located.

	Segment assets		**Capital expenditure**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**79,448**	264,304	**11,006**	6,049
PRC	**788,596**	56,831	**11,979**	8,176
Others	**251**	5	**108**	-
	868,295	321,140	**23,093**	14,225

4. Other revenue and gains

	2009	2008
	HK$'000	*HK$'000*
Advertising income	**29**	265
Amortisation of government grants*	**116**	48
Bank interest income	**530**	1,826
Exchange gains, net	**-**	86
Gains on disposals of property, plant and equipment	**18,178**	86
Government grants**	**4,249**	297
Other income from car dealership	**24,904**	-
Others	**430**	880
	48,436	3,488

* The Group was entitled to receive government grants based on 15% of the paid-up capital of a subsidiary of the Group, 南京鴻鷹動漫娛樂有限公司 ("Nanjing Hongying") within 3 years from the date of its establishment. The amount was recognised as deferred government grants and was amortised to income statement over 15 years.

** The Group was entitled to receive, and recognised directly in income statement, grants of HK$4,249,000 (2008: HK$297,000) from the PRC government for productions and distributions of animations for the year ended 31 March 2009.

5. Operating (loss)/profit

	2009	2008
	HK$'000	*HK$'000*
Operating (loss)/profit are arrived at after charging/ (crediting):		
Allowance for impairment of film rights#	**31,869**	-
Allowance for impairment of goodwill*	**127,246**	-
Allowance for impairment of intangible assets*	**4,885**	464
Allowance for impairment of receivables*	**403**	108
Amortisation of film rights#	**3,757**	3,051
Amortisation of intangible assets##	**2,715**	2,258
Amortisation of prepaid lease payments**	**58**	174
Auditors' remuneration for audit services provided	**1,200**	1,000
Less: Over-provision in prior years	**(20)**	-
	1,180	1,000
Cost of inventories recognised as expense, including	**493,711**	61,322
- Write-down of inventories to net realisable value#	**46,814**	1,791
- Reversal of write-down of inventories to net realisable value#	**(2,236)**	-
Depreciation###	**5,583**	1,574
Exchange losses, net	**854**	-
Fair value losses on derivative financial instruments*	**111**	319
Operating lease payments in respect of rented premises	**15,991**	1,696
Defined contribution retirement benefits scheme contributions for employees	**2,631**	1,944
Other staff costs, including directors' emoluments	**77,021**	62,813
Total staff costs	**79,652**	64,757
Amounts capitalised in inventories	**(9,516)**	(14,156)
Staff costs charged to income statement	**70,136**	50,601

The amounts have been included in cost of sales. The Group reversed HK$2,236,000 (2008: Nil) of a previous write-down of inventories during the year.

Amortisation of intangible assets of HK$1,742,000 (2008: HK$2,158,000) has been expensed in cost of sales, HK$783,000 (2008: Nil) in administrative expenses and HK$190,000 (2008: HK$100,000) in other operating expenses.

Depreciation of HK$1,076,000 (2008: HK$710,000) has been expensed in cost of sales and HK$2,685,000 (2008: Nil) in selling and distribution costs and HK$1,822,000 (2008: HK$864,000) in administrative expenses.

* The amounts have been included in other operating expenses.

** The amounts have been included in administrative expenses.

6. Finance costs

	2009	2008
	HK$'000	*HK$'000*
Interest expenses on financial liabilities stated at amortised cost:		
- Bank loans and overdrafts wholly repayable within five years	**329**	220
- Effective interest expenses on convertible notes	**16,143**	6
	16,472	226

7. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the locations in which the Group operates.

Income tax of certain subsidiaries of the Company in the PRC is charged at progressive rates ranging from 18% to 25% (2008: 18% to 33%) on deemed profits calculated at 10% (2008: 10%) on revenue in accordance with relevant tax regulations in the PRC.

Nanjing Hongying is established in Nanjing High and Advanced Technological Industries Development Zone, of which Nanjing Hongying is exempted from the PRC Corporate Income Tax for the two years since 1 January 2007 and are thereafter entitled to a 50% relief from the PRC Corporate Income Tax for the following three years.

	2009	2008
	HK$'000	*HK$'000*
Current tax		
Hong Kong:		
- Tax for the year	**324**	1,223
- Under/(over)-provision in respect of prior years	**72**	(20)
Overseas:		
- Tax for the year	**1,897**	198
	2,293	1,401
Deferred tax		
- Tax for the year	**(441)**	(329)
- Write-down of deferred tax assets	**4,003**	980
- Attributable to reduction in tax rate	**176**	-
	3,738	651
Total income tax expense	**6,031**	2,052

8. Dividends

(a) Dividends attributable to the year

	2009	2008
	HK$'000	*HK$'000*
Interim dividends of HK1.0 cent per share (2008: HK0.2 cent)		
- to existing shareholders	**15,512**	2,169
- to other shareholders (i)	**2,350**	-
	17,862	2,169

Notes:

(i) Subsequent to 30 September 2008, an aggregate of 235,000,000 ordinary shares were issued pursuant to the conversion of convertible notes (the "New Shares"). The holders of the New Shares were also entitled to the proposed interim dividend pursuant to the relevant provisions in the Company's Bye-laws. Accordingly, an interim dividend of HK$2,350,000 was paid to the holders of the New Shares.

(ii) The directors do not recommend the payment of a final dividend for the year ended 31 March 2009.

(b) Dividends attributable to previous financial year, approved and paid during the year

	2009	2008
	HK$'000	*HK$'000*
Final dividends in respect of the previous financial year, of nil (2008: HK0.2 cent per share)	**-**	2,081

9. (Loss)/earnings per share

(a) Basic

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK$189,969,000 (2008: profit of HK$6,585,000) and on the weighted average of 1,504,003,261 (2008: 1,037,645,795) ordinary shares in issue during the year.

(b) Diluted

The diluted loss per share for the year ended 31 March 2009 is not presented as the potential ordinary shares had anti-dilutive effect on loss per share.

The calculation of diluted earnings per share for the year ended 31 March 2008 was based on HK$6,591,000, being the profit attributable to equity holders of the Company for the year of HK$6,585,000 as used in the calculation of the basic earnings per share plus effective interest expenses on convertible notes of HK$6,000. The weighted average number of ordinary shares used in the calculation of diluted earnings per share was 1,041,823,300 ordinary shares, calculated based on the weighted average of 1,037,645,795 ordinary shares in issue during the year as used in the calculation of the basic earnings per share plus the weighted average of 1,357,509 ordinary shares deemed to be issued at no consideration as if all the Company's share options had been exercised and the weighted average of 2,819,996 ordinary shares deemed to be converted as if all the Company's convertible notes had been exercised.

10. Goodwill

The main changes in the carrying amount of goodwill result from acquisition of subsidiaries as well as impairment of previously recognised goodwill. The net carrying amount of goodwill can be analysed as follows:

	2009	2008
	HK$'000	*HK$'000*
At beginning of the year		
Gross carrying amount	**141,194**	124,539
Accumulated impairment	**-**	-
Net carrying amount	**141,194**	124,539
Year ended 31 March		
Opening net carrying amount	**141,194**	124,539
Acquisition of subsidiaries	**580,679**	16,655
Acquisition of additional interests in subsidiaries	**2,707**	-
Allowance for impairment	**(127,246)**	-
Closing net carrying amount	**597,334**	141,194
At end of the year		
Gross carrying amount	**724,580**	141,194
Accumulated impairment	**(127,246)**	-
Net carrying amount	**597,334**	141,194

11. Trade receivables

An ageing analysis of trade receivables as at the balance sheet date, based on invoice dates, and net of impairment losses, is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 - 30 days	**7,876**	11,167
31 - 60 days	**3,377**	4,200
61 - 90 days	**1,571**	915
Over 90 days	**9,337**	3,447
	22,161	19,729

12. Trade payables

The following is an ageing analysis of trade payables at the balance sheet date:

	2009	2008
	HK$'000	*HK$'000*
0 - 30 days	**5,110**	2,842
31 - 60 days	**1,653**	1,873
61 - 90 days	**2,092**	2,218
Over 90 days	**4,088**	3,010
	12,943	9,943

FINANCIAL REVIEW

The revenue of the Group for the year ended 31 March 2009 of approximately HK$611.5 million represented a significant increase of approximately 290% compared to approximately HK$156.7 million recorded in the corresponding period of last year. The significant increase in turnover was a result of the completion of acquisition of automobile distributorships of Bentley, Lamborghini and Rolls-Royce and watch distributorships of Richard Mille in June and July 2008, respectively. However, in view of the currently deteriorating economic conditions around the globe, impairments have been made on certain assets of the Group which related to the Group's comics and multimedia businesses including: (i) goodwill; (ii) copyrights; (iii) film rights; and (iv) work-in-progress. As a result of the aggregate impairment losses of approximately HK$209.0 million, a net loss of HK$190.0 million was resulted for the year ended 31 March 2009, as compared with a profit of approximately HK$6.6 million for the last financial year.

At the year end date, the Group maintained a net cash position with cash at banks and in hand of approximately HK$71.6 million (2008: HK$27.2 million), short-term bank borrowings of approximately HK$13.4 million (2008: HK$0.9 million) and other short-term borrowings of HK$20.0 million (2008: Nil). The Group had sufficient financial resources and will continue to finance its business development by internal resources and short-term borrowings.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2009 (2008: Nil), which together with the interim dividend of HK1.0 cent per share (2008: HK0.2 cent per share) make a total dividend of HK1.0 cent per share for the year end of 31 March 2009 (2008: HK0.2 cent per share). The total dividend amounted to approximately HK$17.9 million (2008: HK$2.2 million) for the year ended 31 March 2009.

OPERATIONAL REVIEW

Automobile Distributorships

On 26 June 2008, the Group has completed the acquisition of the exclusive entitlements to all of the economic benefits derived from the distributorships of Bentley cars, Lamborghini cars and Rolls-Royce cars and rights to control, manage and operate Beijing Mei He Zhen Yong Motors Trading Limited and Beijing De Te Motors Trading Limited and 102 Bentley automobiles, 26 Lamborghini automobiles and 31 Rolls-Royce automobiles were sold in Beijing since then and up to 31 March 2009. From 1 January 2008 to 25 June 2008 inclusive, 48 Bentley automobiles, 17 Lamborghini automobiles and 25 Rolls-Royce automobiles were sold in Beijing and the profit derived from which were accounted to the Group.

Watch Distributorship

On 9 July 2008, the Group has acquired the distributorship of Richard Mille watches and on 8 August 2008, the Group has acquired the Shanghai Richard Mille Shop. 40 pieces of watches were sold since then and up to 31 March 2009.

Comic Publications

During the year, the Group published and sold 10 local Chinese comic books on a weekly or bi-weekly basis and approximately 20 Japanese comic books on a monthly basis. The Group also grants comic books licensing to overseas publishers to translate comic books into different languages.

Revenue generated from publications and distributions of comic books decreased by 13.9% to approximately HK$94.5 million, this segment's results decreased and changed from profit to a loss of approximately HK$120.5 million due to the sharp increase in the printing and paper costs and impairment made on goodwill and copyrights during the year.

Multimedia Development

Animations subcontracting works of 140 episodes with around 3,100 minutes have been produced during the year.

NUMBERS AND REMUNERATION OF EMPLOYEES

As at 31 March 2009, the Group has 632 (2008: 663) employees. Employees' costs (including directors' emoluments) charged to the consolidated income statement amounted to approximately HK$70.1 million for the year (2008: HK$50.6 million). All permanent employees were under the remuneration policy of fixed monthly salary with discretionary bonus.

There has been no change to the terms of the share option scheme adopted by the Company on 7 October 2002. No new share options were granted during the current year. No share option was exercised during the year and there were no outstanding share options granted to directors, employees, consultants, advisors, customers, shareholders and business associates as at 31 March 2009 (2008: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 31 March 2009 were approximately HK$879.2 million (2008: HK$411.8 million) which were financed by the shareholders' fund and total liabilities of approximately HK$575.5 million (2008: HK$351.5 million) and HK$300.2 million (2008: HK$52.9 million) respectively.

The directors consider the Group will have sufficient working capital for its operations and financial resources for financing future investment opportunities in suitable business ventures.

The Group had limited exposure to fluctuations in exchange rates and its borrowings, bank balances and cash were mainly denominated in Hong Kong dollars and Renminbi.

CAPITAL STRUCTURE

On 26 June 2008, 400,000,000 new ordinary shares together with convertible notes of principal amount of HK$264 million were issued as part of the consideration to a vendor for the acquisition of subsidiaries. Among which, convertible notes with principal amount of HK$66 million were converted into 300 million new ordinary shares of HK$0.002 each at HK$0.22 per share.

The Group's gearing ratio then computed as total borrowings over shareholders' fund was approximately 37.7% as at 31 March 2009 (2008: 0.3%).

EXPOSURE TO FOREIGN EXCHANGE

The revenue of the Group is mainly denominated in Hong Kong dollars and Renminbi and the cost of production and purchase are mainly denominated in Hong Kong dollars and Renminbi. Therefore, the Group is not exposed to any other material foreign currency exchange risk.

CHARGES ON ASSETS

As at 31 March 2009, certain assets of the Group with an aggregate amount of approximately HK$5.4 million (2008: HK$18.6 million), represented by pledged deposits of HK$5.4 million (2008: HK$4.4 million, together with buildings and prepaid lease payments of HK$14.2 million), were pledged to secure general banking facilities granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS & PROSPECT

Financial Review

In response to the global economy experienced unprecedented turbulence during the fourth quarter of 2008 and the beginning of 2009, the Group issued two profit warnings dated 12 November 2008 and 3 April 2009 during this full financial year. The latter one was informing the investing public that our final results for the year ended 31 March 2009 would experience a significant deterioration as compared with the previous financial year and we expected a net loss would be recorded. Additional to the impairments of HK$101.5 million for the first half of this financial year, the Group announced further impairments of amounted HK$107.5 million for the second half of this financial year, making a total impairment amount of HK$209.0 million. The Directors would like to emphasize the impairments of this full financial year related to our comics and multimedia businesses including goodwill, intangible assets comprising comic books royalty, intellectual properties, animations work-in-progress and film rights are non-cash in nature and do not affect the Group's cash flow condition. In particular, impairments for an aggregate amount of approximately HK$6.7 million have been made on「飲茶」("Yamucha's") and「象棋王」("Xianqi Master"), two animation series held by Nanjing Hongying. As a result of the impairments made on these intellectual properties, we would like to report the actual profit of Suzhou Hongyang (the operating subsidiary of Super Win), Nanjing Hongying and Shanghai Sanding (collectively known as the "Acquired Companies") was unable to meet the Guaranteed Profit of HK$8.5 million during the year ended 31 December 2008, as stated in the Circular of the Group dated 31 August 2007 issued in connection with the acquisition of interests in the Acquired Companies which constituted a major transaction for the Group. The Acquired Companies had an aggregated audited net profit after tax of approximately HK$6.3 million for the year ended 31 December 2008. Due to the shortfall of the Actual Profit from the Guaranteed Profit, the Vendors paid JD Multi-media approximately HK$2.2 million in cash on 9 June 2009, which was within 14 days after the copies of the audited financial statements of Acquired Companies had been provided to JD Multi-media as required by the SP Agreement. Therefore, the Group had decided not to exercise the Call Option and not to acquire the remaining 49% interest in Super Win. Accordingly, the Call Option was lapsed on 30 April 2009. Also, Samoa Hongying was not entitled to exercise the Put Option and it therefore automatically lapsed.

China's Luxury Goods Market

Despite the global financial crisis, the Group has progressed well in its luxury brand distributorships business during the financial year. It is believed that China is making swift recovery from the global financial impact and its pace of recovery will be faster than the rest of the world, as determined to maintain around 8% of GDP growth to boost the economic growth. The Group remains optimistic about the luxury goods market in China, as the number of wealthy people is growing fast, and their willingness to spend on big-ticket items is also on the rise, driven by an appetite for status as well as comforts and trappings of luxury goods.

China's luxury goods market has become measurably more crowded over the past two years. According to the Ministry of Commerce of the PRC government in 2009, China's share of the luxury goods market is only superseded by Japan with 41 percent and the US with 17 percent. It is expected to grow at 10 percent annually until 2015. According to the "2009 Best of the Best Survey - Preferred Brands of China's Richest"《中國千萬富豪品牌傾向報告》by "Hurun Report"(「胡潤百富」), the emerging riches in China are more willing to spend on luxury items, such as cars and watches, which affirm the strategic approach of luxury brand distributorships business in our business vision.

Automobile Distributorships

The Group recorded slowdown sales for Lamborghini and Rolls-Royce in the first quarter this year, mainly due to financial tsunami and the increase of consumption tax on cars in China. Car sales picked up in the second quarter of 2009. The Group is pleased to report the profit guarantee of not less than HK$55 million by Mr. Qi, our single largest shareholder, for the year ended 31 December 2008 is well-honored by the luxury cars distributorships business. It is particularly encouraging to see a revival in Bentley car sales in May 2009, which set the highest sales record of Beijing Bentley distributorship in a single month.

For the year ended 31 March 2009, the post-acquisition profit of luxury car distributorships business was over HK$38.4 million. Profit but not the sales of Rolls-Royce was consolidated since the status of transferring of the Rolls-Royce distributorship from Beijing Ying Shang Tong Trading Development Limited to Beijing De Te Motors Trading Limited, as referred to our announcement dated 15 January 2009 is still pending for certain review procedures.

Chinese consumers are becoming aware of an ever-growing number of luxury brands. The Hurun Report in 2009 also reveals that, the two top-tier car brands under our car distributorships empire, including *Rolls-Royce Phantom* and *Bentley Continental*, are being selected as the 4^{th} rank and 9^{th} rank of the "Top Ten Super Deluxe Brands in 2009" in China as "The Best Super Luxury Car for Business" and "The Best Super Luxury Car for Self-Drive" respectively.

Watch Distributorships

The Group is constantly seeking suitable super-deluxe brands to join our top-tier brand alliance. We are very pleased to announce the acquisition of the exclusive distributorship of a world-famous super deluxe branded watch from Geneva of Switzerland, Montres DeWitt S.A. ("DeWitt") on 24 April 2009 in Mainland China, expanding our super-deluxe brand categories to five, including both cars and watches. The term of the distributorship is for a period of 5 years and is renewable for another period of 3 years subject to mutual agreement of both parties.

DeWitt watches are founded by the descendant of Napoleon family combining the art of conventional watch-making techniques with innovative computer technologies to become one of the best super deluxe mechanical watches. The Group will invest significant amount of promotional costs for brand advertising and has already identified a prime location in Beijing for DeWitt's first flagship store in China. The flagship store is expected to commence in September this year.

Since the acquisition and commenced distributorship operations of Richard Mille in August 2008, we are glad to report that the segmental profit before taxation is over HK$4.7 million during this financial year. Richard Mille's flagship store located in Lengendale Hotel Wangfujing Beijing is now in full operation. Richard Mille watches have recorded encouraging sales in the past two months.

Animation Business

During the financial year, the Group's comic publications and animation business has recorded loss of HK$202.8 million before taxation including impairments of HK$208.6 million.

Jackie Chan Animations, the Group's international animation landmark project has completed the first 26 episodes of "Jackie Chan's Fantasia". The Group is actively arranging for its pilot launch in the PRC with the licensing of derivative products rolling out in satisfactory progress.

Riding on the positive viewing rating of the Group's signature animation project "Shen Bing Kids", it has just completed modifying its TV episodes to the motion picture of "Shen Bing Kids" and is actively arranging for national broadcasts in cinemas.

To preserve working capital for enlarging our top-tier luxury goods distributorships empire, the board has decided not to propose dividends for the second half of 2008/2009. We will focus on rolling out our business plans and look seriously into the resumption of declaring dividend in the coming soon to share the fruits with our shareholders.

The Group will continue to put effort to expand luxury goods distributorships business, while actively negotiating with certain European and US super brands on selective basis but not limited to super deluxe branded watches and jewelry. We are determined to explore more potential business partners to diversify the range of luxury goods to deliver satisfactory results and secure promising return for shareholders. In light of the global unforeseen and unstable circumstances, we shall continuously take prudent approach to strengthen shareholders' profit and to sustain the pace of expansion in the long run.

Acknowledgement

We would like to thank our dedicated team, board members and staff members to voyage us through this challenging and competitive global environment during the year. Nevertheless, given the positive outlook of the luxury goods market in Mainland China and our vision in this regard, we are confident that we will bring fruits to our shareholders in the years to come.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Group is committed to maintaining a high standard of corporate governance. The board of Directors of the Company ("the Board") agrees that corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure that all practices can be met with legal and statutory requirements throughout the year of 2008/2009, the Group has complied with all applicable the Code Provisions in the Code on Corporate Governance Practices ("the Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company has been in compliance with the Code throughout the year.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the Group's annual results for the year ended 31 March 2009.

Compliance with the Model Code for Securities Transaction by Directors of Listed Issuers

The Company has adopted of Model Code for Securities Transaction by Directors of Listed Company Issuers ("Model Code") Appendix 10 of the Listing Rules to govern securities transactions by the Directors. After having made specific enquiry to all Directors, all Directors confirmed that they complied with the Model Code during the year.

The annual report for the year ended 31 March 2009 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the website of the Stock Exchange in due course.

By Order of the Board
Tong Kai Lap
Chairman

Hong Kong, 19 June 2009

As at the date of this announcement, the Company has three executive Directors, one non-executive Director and three independent non-executive Directors. The executive Directors are Mr. Tong Kai Lap, Mr. Zheng Hao Jiang and Mr. Wong Chun Keung. The non-executive Director is Mr. Zhao Xiao Dong. The independent non-executive Directors are Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Lee Kang Bor, Thomas.

* *for identification purpose only*