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 2010

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; (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 2010, together with the comparative audited figures for the year ended 31 March 2009, as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2010

	Note	**2010** **HK$'000**	2009 *HK$'000*
Revenue	4	**159,432**	12,778
Cost of sales		**(145,396)**	(6,578)
Gross profit		**14,036**	6,200
Other income	4	**5,748**	3,810
Selling expenses		**(329)**	–
Administrative expenses		**(37,230)**	(29,508)
Finance costs	5	**(9,203)**	(5)
Loss on redemption of convertible redeemable note		**(1,066)**	–
Impairment loss on goodwill		**(15,800)**	(14,200)
Impairment loss on property, plant and equipment		**–**	(2,465)
Impairment loss on trade receivables		**(125)**	(235)
Impairment loss on loans receivable		**–**	(656)
Loss before tax		**(43,969)**	(37,059)
Income tax expense	6	**(528)**	(334)
LOSS FOR THE YEAR	7	**(44,497)**	(37,393)
Other comprehensive income			
Exchange differences on translating foreign operation		**7,394**	185
TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(37,103)**	(37,208)
Loss for the year attributable to:			
Owners of the parent		**(45,026)**	(37,604)
Minority interests		**529**	211
		(44,497)	(37,393)
Total comprehensive loss for the year attributable to:			
Owners of the parent		**(41,509)**	(37,419)
Minority interests		**4,406**	211
		(37,103)	(37,208)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted (HK cents per share)	9	**(4.99)**	(5.47)

Statements of Financial Position

As at 31 March 2010

		Group		Company	
		2010	2009	**2010**	2009
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non-current assets					
Prepaid lease payments		**19,421**	–	**–**	–
Goodwill		**80,967**	15,890	**–**	–
Property, plant and equipment		**171,906**	3,321	**–**	–
Interests in subsidiaries		**–**	–	**223,348**	57,980
Available-for-sale financial assets		**180**	180	**–**	–
Deposit for acquisition		**10,000**	47,500	**10,000**	47,500
Loans receivable		**221**	348	**–**	–
Total non-current assets		**282,695**	67,239	**233,348**	105,480
Current assets					
Inventories		**13,377**	–	**–**	–
Trade receivables	10	**19,407**	2,746	**–**	–
Loans receivable		**5,686**	8,478	**–**	–
Prepayment, deposits and other receivables		**107,793**	1,576	**358**	–
Term deposits		**29,000**	32,000	**–**	–
Pledged bank deposits		**16,149**	–	**–**	–
Cash and cash equivalents		**9,081**	2,940	**6,790**	1,136
Total current assets		**200,493**	47,740	**7,148**	1,136
Current liabilities					
Trade payables	11	**23,762**	3,229	**–**	–
Bank acceptable notes payable		**23,070**	–	**–**	–
Accruals and other payables		**39,251**	5,679	**2,480**	1,334
Subscription received		**15,500**	–	**15,500**	–
Payable for plant and equipment		**66,442**	–	**–**	–
Current portion of interest bearing bank loans		**30,974**	–	**–**	–
Provision for taxation		**606**	1,033	**–**	–
Total current liabilities		**199,605**	9,941	**17,980**	1,334
Net current assets (liabilities)		**888**	37,799	**(10,832)**	(198)
Total assets less current liabilities		**283,583**	105,038	**222,516**	105,282

		Group		Company	
		2010	2009	**2010**	2009
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non current liabilities					
Interest bearing bank loans		**18,165**	–	**–**	–
Promissory notes		**40,000**	–	**40,000**	–
Convertible bonds		**31,489**	–	**31,489**	–
Deferred tax liabilities		**1,434**	–	**–**	–
Total non-current liabilities		**91,088**	–	**71,489**	–
NET ASSETS		**192,495**	105,038	**151,027**	105,282
Capital and reserves					
Share capital		**45,378**	30,320	**45,378**	30,320
Reserves		**105,406**	74,400	**105,649**	74,962
Equity attributable to owners of the parent		**150,784**	104,720	**151,027**	105,282
Minority interests		**41,711**	318	**–**	–
TOTAL EQUITY		**192,495**	105,038	**151,027**	105,282

NOTES TO THE FINANCIAL STATEMENTS

31 March 2010

1. CORPORATE 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 the following activities:

(i) Manufacturing and sales of paper products;
(ii) Sales of customised software and related computer equipment, and provision of computer-related technical support and maintenance services;
(iii) Sharing of profits of a junket representative of a VIP lounge in a casino in Macau; and
(iv) Money lending business.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs", which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Rules").

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgements in the process of applying the accounting policies.

These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise stated.

CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries (collectively the "Group") made up to 31 March. The results of the subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. All significant intercompany transactions and balances and any unrealised profits arising from intercompany transactions within the Group are eliminated on consolidation.

3. IMPACT OF NEW AND REVISED HKFRSs

In the current year, the Company has adopted the following new or revised standards, amendments and interpretations issued by the HKICPA that are effective for accounting periods beginning on or after 1 April 2009:

Amendment to HKFRS 1 and HKAS 27	First-time Adoption of HKFRSs; Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to HKFRS 2	Share-based Payment – Vesting Conditions and Cancellations
Amendment to HKFRS 7	Financial instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
Amendments to HKAS 32 and HKAS 1	Financial Instruments: Presentation; Presentation of Financial Instruments – Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
Improvements to HKFRSs (2008)	

The adoption of the above new or revised standards, amendments and interpretations did not have a significant impact on the Group's financial statements except as discussed below:

- As a result of the adoption of HKAS 1 (Revised), all changes in equity arising from transactions with owners in their capacity as owners are presented in the statement of changes in equity, separately from non-owner changes in equity (i.e. components of comprehensive income), which are presented in the statement of comprehensive income. Corresponding prior-year amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- As a result of the adoption of HKFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Company's financial instruments, categrosing these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Company has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

- HKFRS 8 replaces HKAS 14, 'Segment reporting'. The new standard requires a management approach, under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The effect of the adoption of HKFRS 8 is discussed in Note 4.

Up to the date of the issuance of these financial statements, the HKICPA has issued a number of new and revised HKFRSs which are not yet effective for the year ended March 31, 2010 and which have not been early adopted by the Company, as follows:

- HKAS 1 (amendment) – Presentation of financial statements[1]
- HKAS 7 (amendment) – Statement of cash flows[1]
- HKAS 17 (amendment) – Leases[1]
- HKAS 24 (revised) – Related party disclosures[4]
- HKAS 27 (revised) – Consolidated and separate financial statements[2]
- HKAS 32 (amendment) – Classification of rights issue[5]
- HKAS 36 (amendment) – Impairment of assets[1]
- HKAS 38 (amendment) – Intangible assets[2]
- HKAS 39 (amendment) – Financial instruments: recognition and measurement[1,2]
- HKFRS 2 (amendment) – Share-based payments[1,2]
- HKFRS 3 (revised) – Business combination[2]
- HKFRS 5 (amendment) – Non-current assets held for sale and discontinued operations[1]
- HKFRS 8 (amendment) – Operating segments[1]
- HKFRS 9 – Financial instruments[3]
- HK(IFRIC) – Int 9 (amendment) – Reassessment of embedded derivatives[2]
- HK(IFRIC) – Int 14 – Prepayments of a minimum funding requirement[4]
- HK(IFRIC) – Int 16 – Hedges of a net investment in a foreign operation[2]
- HK(IFRIC) – Int 17 – Distributions of non-cash assets to owners[2]
- HK(IFRIC) – Int 19 – Extinguishing financial liabilities with equity instruments[6]
- Improvements to HKFRSs 2009[7]
- Improvements to HKFRSs 2010[8]

1 Changes effective for annual periods beginning on or after 1 January 2010.
2 Changes effective for annual periods beginning on or after 1 July 2009.
3 Changes effective for annual periods beginning on or after 1 January 2013.
4 Changes effective for annual periods beginning on or after 1 January 2011.
5 Changes effective for annual periods beginning on or after 1 February 2010.
6 Changes effective for annual periods beginning on or after 1 July 2010.
7 Effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate
8 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate

The application of HKFRS 3 (Revised) will affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The Company is in the process of making an assessment of the impact of other new and revised HKFRSs on the Group's financial statements. So far the directors have yet to conclude whether the application of other new or revised HKFRSs will have a material impact on the results and financial position of the Company.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the Group's turnover and represents the net amount received and receivable for goods and software systems sold and services rendered arising from the principal activities of the Group, net of value-added tax and/or business tax.

	2010	2009
	HK$'000	*HK$'000*
Revenue		
Sales of package and other paper products	**155,417**	–
Sales and implementation of customized software and related computer equipment and computer-related technical support and maintenance service income	**2,446**	9,863
Profits assigned from a junket representative of a casino VIP lounge in Macau	**239**	1,019
Interest income from money lending business	**1,330**	1,896
	159,432	12,778
Other income, net		
Interest income, other than that from money lending business	**1,642**	3,853
Sundry income	**4,106**	21
Realised loss on trading securities	**–**	(64)
	5,748	3,810

On adoption of HKFRS 8 "Operating segments", the Group has identified its operating segment and prepared segment information based on the regular internal financial information reported to the Group's executive directors (being the chief operating decision maker) for their decisions about resources allocation to the Group's components and review of these components' performance.

However, in previous years, segment information was analysed according to the nature of operations of the Group's business units and the risks and returns of the products and services offered by each business unit.

The Group has the following operating segments:

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

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

(iii) 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

(iv) Money lending business.

The adoption of HKFRS 8 has not changed the identified operating segments of the Group compared to the previous year, except that the “sales and implementation of customised software and related computer equipment” and the “provision of computer-related technical support and maintenance services”, which were previously identified as two separate business segments, have been combined as one operating segments.

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

	Paper Products		Information Technology		Macau Casino Junket Profit Sharing		Money Lending		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue										
Sales to external customers	**155,417**	–	**2,446**	9,863	**239**	1,019	**1,330**	1,896	**159,432**	12,778
Segment results	**1,469**	–	**(1,938)**	(2,410)	**(19,202)**	(35,104)	**(283)**	(2,994)	**(19,954)**	(40,508)
Unallocated income									**5,748**	3,810
Unallocated expenses									**(20,560)**	(356)
Finance costs									**(9,203)**	(5)
Loss before tax									**(43,969)**	(37,059)
Income tax expense									**(528)**	(334)
Loss for the year									**(44,497)**	(37,393)
Segment assets	**425,917**	–	**853**	3,088	**8,957**	21,102	**37,461**	43,289	**473,188**	67,479
Unallocated assets									**10,000**	47,500
Total assets									**483,188**	114,979
Segment liabilities	**191,595**	–	**6,605**	7,136	**74,258**	1,650	**695**	122	**273,153**	8,908
Unallocated liabilities									**17,540**	1,033
Total liabilities									**290,693**	9,941
Other information										
Depreciation and amortization	**14,606**	–	**94**	142	**897**	240	**2**	29	**15,599**	411
Capital expenditure	**9,709**	–	**10**	16	**39**	1,804	**6**	4,175	**9,764**	5,995
Impairment losses on trade receivables	**–**	–	**125**	235	**–**	–	**–**	–	**125**	235
Impairment losses on loans receivable	**–**	–	**–**	–	**–**	–	**–**	656	**–**	656
Impairment losses on goodwill	**–**	–	**–**	–	**15,800**	14,200	**–**	–	**15,800**	14,200
Impairment losses on property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	2,465	**–**	2,465

5. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable with five years	**3,056**	–
Interest element of finance leases	**–**	5
Interest on convertible redeemable note	**2,250**	–
Interest on promissory notes	**1,366**	–
Imputed interest on convertible bonds	**2,531**	–
	9,203	5

6. INCOME TAX EXPENSE

Income tax expense comprised:

	2010	2009
	HK$'000	*HK$'000*
Current tax – provision for current year:		
– Hong Kong	**217**	334
– PRC	**311**	–
	528	334

Hong Kong profits tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profit arising in Hong Kong for the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	2010	2009
	HK$'000	*HK$'000*
Loss before tax	**(43,969)**	(37,059)
Tax benefit calculated at Hong Kong profits tax rate of 16.5% (2009 – 16.5%)	**7,255**	6,115
Effect of different tax rates in other jurisdictions	**(147)**	17
Tax effect of income not subject to tax	**692**	490
Tax effect of expenses not deductible for tax	**(8,177)**	(6,051)
Tax effect of temporary differences not recognised	**(137)**	15
Tax effect of utilisation tax losses previously not recognised	**–**	40
Tax effect of tax losses not recognized	**(14)**	(960)
Tax expense for the year	**(528)**	(334)

7. LOSS FOR THE YEAR

Loss for the year is stated after charging the following:

	2010	2009
	HK$'000	*HK$'000*
Auditors' remuneration	**890**	610
Costs of inventories sold included in costs of sales	**143,736**	–
Depreciation	**15,411**	411
Impairment losses on:		
– trade receivables	**125**	235
– loans receivable	**–**	656
– goodwill	**15,800**	14,200
– property, plant and equipment	**–**	2,465
Loss on disposal of property, plant and equipment	**–**	35
Minimum lease payments under operating leases in respect of leased premises	**1,775**	1,355
Realised loss from trading securities	**–**	64
Staff costs including directors' emoluments	**29,414**	11,401

8. 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 (2009: nil).

9. LOSS PER SHARE

	2010	2009
	HK cent	*HK cent*
Basic and diluted loss per share	**(4.99)**	(5.47)

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

	2010	2009
	HK$'000	*HK$'000*
Loss attributable to ordinary equity holders of the parent	**(45,026)**	(37,604)

	2010	2009
	'000	'000
Weighted average number of ordinary shares in issue	**902,556**	687,556

The weighted average number of ordinary shares for the year ended 31 March 2009 was adjusted retrospectively to reflect the share consolidation effected on 12 August 2009, on the basis that every four issued and unissued shares of HK$0.10 each in the share capital of the Company were consolidated into one share of HK$0.40 each.

10. TRADE RECEIVABLES

	Group	
	2010	2009
	HK$'000	*HK$'000*
Accounts receivable	**19,967**	5,662
Bank acceptance notes receivable	**2,481**	–
Less: Allowance for individual impairments	**(3,041)**	(2,916)
	19,407	2,746

As at March 31, 2010, approximately HK$1,432,000 of bank acceptance notes receivable was pledged as security against the bank acceptable note payables.

The ageing analysis of trade receivables, net of allowance, is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Within three months	**9,768**	731
Over three months but within six months	**4,235**	165
Over six months but within one year	**5,366**	1,185
Over one year but within two years	**38**	665
	19,407	2,746

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:

	2010	2009
	HK$'000	*HK$'000*
Past due but not impaired:		
– Less than three months past due	**2,365**	218
– Over three months but within six months past due	**5,254**	470
– Over six months but within one year past due	**3,678**	1,161
– Over one year past due	**38**	–
	11,335	1,849
Neither past due nor impaired	**8,072**	897
	19,407	2,746

11. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	Group	
	2010	2009
	HK$'000	*HK$'000*
Within three months	**12,501**	214
Over three months but within six months	**4,520**	512
Over six months but within one year	**5,098**	345
Over one year but within two years	**1,643**	2,158
	23,762	3,229

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the core businesses of the Group comprise (i) paper manufacturing; (ii) sharing of profits of a Macau casino junket representative; (iii) money lending services; and (iv) sales of customized software and provision of technical support.

(A) Very Substantial Acquisition

Referring to the announcements dated 12 February 2009 and 31 March 2009 respectively, and the circular dated 14 May 2009, the Board entered into an acquisition agreement whereby the Board proposed to acquire the entire equity interest in Mega Bright Investment Development Limited ("Mega Bright"), which holds 51% equity interest in Jining Gangning Paper Co. Ltd. ("Jining Gangning"), at a consideration of HK$190 million. On 3 June 2009, the shareholders at the special general meeting approved the acquisition agreement and the transactions contemplated thereunder. Completion of the acquisition of Mega Bright took place on 1 July 2009. According to the acquisition agreement, the vendor thereof shall provide profit guarantees of not less than RMB60 million profit after tax of Jining Gangning for 2010 and 2011. Jining Gangning is engaged in the manufacture and sale of various types of kraft paper. Its production facilities comprise 2-paper production lines, a stock or pulp preparation section for making paper products, a waste water treatment plant, various plant utilities, and laboratory, office and material handling equipment. Jining Gangning has a factory complex which comprises two parcels of adjoining land of approximately 82,667 square meters with 31 various major buildings and structures erected thereon. According to the valuation reports as set out in the said circular, the market values of plant and machinery and property were approximately RMB112 million and RMB55 million as at 30 April 2009 respectively.

The payment of the consideration for Mega Bright was satisfied by (i) a cash payment of HK$103.5 million; (ii) the issuance of convertible bonds by the Company in the aggregate principal amount of HK$40 million convertible into 83,333,333 shares of HK$0.04 each; and (iii) the issuance of promissory notes in the principal sum of HK$46.5 million by the Company.

(B) Redeemable Convertible Note

Referring to the announcement dated 19 June 2009, the Company entered into a subscription agreement with a subscriber to subscribe for a redeemable convertible note in the principal amount of HK$15,000,000 with 36% interest rate per annum and due one year from the date of issue at an initial conversion price of HK$0.13 per conversion share ("Redeemable Convertible Note"). The Redeemable Convertible Note was voluntarily fully redeemed by the Company on 1 December 2009, details of which were set out in the Company's announcement dated 2 December 2009.

(C) Share Consolidation and Change of Board Lot Size

Referring to the announcement dated 3 July 2009 and the circular dated 13 July 2009, the Board proposed to implement a share consolidation on the basis that every four issued and unissued shares of HK$0.01 each in the share capital of the Company would be consolidated into one consolidated share of HK$0.04 each ("Share Consolidation"). The Board also proposed to change the board lot size for trading in the shares from 4,000 shares to 10,000 consolidated shares upon the Share Consolidation becoming effective. Details of the Share Consolidation and change of board lot size were set out in the Company's announcement dated 3 July 2009 and the circular dated 13 July 2009. On 11 August 2009, the shareholders at the annual general meeting approved the Share Consolidation and change of board lot size. The Share Consolidation and change of board lot size became effective on 12 August 2009. The conversion prices of the Convertible Bonds and the Redeemable Convertible Note had been adjusted by virtue of the Share Consolidation, details of which were set out in the announcement dated 11 August 2009.

(D) Subscriptions for New Shares ("Subscriptions")

Referring to the announcement dated 3 August 2009, the Company entered into a subscription agreement with certain subscribers who subscribed for 260,000,000 new shares of HK$0.01 each in the share capital of the Company at a subscription price of HK$0.04 each. The net proceeds from the subscription were approximately HK$10,300,000 and applied as part payment of the balance of purchase price for the acquisition of Mega Bright. Completion of the subscription took place on 12 August 2009 and the subscribers were issued and allotted 65,000,000 shares at HK$0.04 each by virtue of the Share Consolidation.

Referring to the announcement dated 16 November 2009, the Company entered into a subscription agreement with certain subscribers who subscribed for 154,000,000 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$30,300,000, in which HK$26,600,000 applied as part payment of the balance of purchase price for the acquisition of Mega Bright and HK$3,700,000 applied for the redemption of the Redeemable Convertible Note. Completion of the subscription took place on 1 December 2009.

Referring to the announcement dated 16 November 2009 and the circular dated 25 November 2009, the Company entered into a subscription agreement with certain connected persons who subscribed for 70,000,000 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$13,700,000, in which HK$11,750,000 applied for the redemption of the Redeemable Convertible Note and HK$1,950,000 applied as working capital. On 11 December 2009, the shareholders at the special general meeting of the Company approved the subscription. Completion of the subscription took place on 16 December 2009.

Referring to the announcement dated 10 February 2010, the Company entered into a subscription agreement with certain subscribers who subscribed for 159,110,000 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$34,650,000, in which HK$30,000,000 applied as part payment of the refundable deposit under the acquisition agreement of the entire equity interest in Ever Stable Holdings Limited ("Ever Stable") and HK$4,650,000 applied as working capital. Completion of the subscription took place on 12 April 2010.

Referring to the announcement 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 applied as part payment of the refundable deposit under the acquisition agreement of the entire equity interest in Ever Stable. Completion of the subscription took place on 29 April 2010.

(E) Major Acquisition

Referring to the announcement and circular 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 ("Jiu He"), at a consideration of HK$280 million ("Acquisition"). The payment of the consideration is 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 agreement for the Acquisition ("Acquisition Agreement"), the vendor thereof shall provide a profit guarantee in favour of the purchaser that the profit after taxation of Jiu He will not be less than HK$60 million, HK$80 million and HK$100 million for the financial years 2011, 2012 and 2013 respectively. 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 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 will, at the special general meeting to be held on 5 July 2010, vote on the Acquisition Agreement and the transactions contemplated thereunder.

(F) Continuing Connected Transactions

Referring to the announcement dated 26 May 2010 and circular dated 17 June 2010 respectively, Jiu He, a joint venture company of which the Company will hold 60% equity interest through its proposed acquisition of Ever Stable, entered into an agreement ("Master Agreement") with Guangdong Shangjiu Biodegradable Plastics Company Limited, which holds 40% of Jiu He ("PRC Partner"), in relation to the supply of biodegradable resin and related products ("Products"). Pursuant to the Master Agreement, Jiu He has agreed to supply and the PRC Partner has agreed to purchase the Products for a period of three years and the price for the Products shall be determined in accordance with the relevant prevailing market price at the time purchase order is placed by the PRC Partner. 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 will, at the special general meeting to be held on 5 July 2010, vote on the Master Agreement and the transactions contemplated thereunder.

FINANCIAL REVIEW

REVENUE AND LOSS ATTRIBUTABLE TO SHAREHOLDERS

During the year under review, the Group's revenue was approximately HK$159.43 million, an increase of 1,147.5% as compared to last year (2009: HK$12.78 million). The increase in revenue was mainly due to the newly acquired paper manufacturing business, which recorded a revenue of HK$155.42 million for the year under review. However, the difficult operating environment for the IT consulting services business and the gaming and entertainment business in Macau has narrowed the increase in revenue. Obviously, the PRC government's policies to tighten individual visits to Macau and the keen competition arising from continuous openings of new casinos in Macau had an adverse effect on the gaming and entertainment business. Owing to the slow recovery in consumption in the western countries after the global financial crisis, certain customers delayed or cancelled to upgrade or install new software system and related computer equipments to save cost in order to cope with further potential financial crisis, resulting in a substantial decrease in the revenue of the IT consulting services sector.

For the year under review, the Group recorded a net loss of HK$45.03 million as against a net loss of HK$37.6 million in 2009. The net loss attributable to the shareholders was mainly due to the impairment for goodwill arising from the gaming and entertainment business; non-cash cost associated with equity-settled share options; interest expenses on convertible notes, promissory notes and bank borrowings; and the decline in revenue of IT consulting services.

SEGMENT PERFORMANCE

During the year under review, revenue contributed by the Group's paper manufacturing business, gaming and entertainment sector, provision of money lending services, and IT consulting services was 97.5%; 0.2%; 0.8%; and 1.5% respectively, comparing to 0%; 8.0%; 14.8%; and 77.2% respectively in 2009.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 March 2010, the Group's cash and bank balances, which were principally Renminbi and Hong Kong dollar denominated, amounted to approximately HK$25.23 million (2009: 2.94 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 2010, the Group had unsecured promissory note of approximately HK$40 million, secured bank loans of approximately HK$26.07 million, and unsecured bank loans of approximately HK$23.07 million. All borrowings were denominated in Renminbi except the promissory note which was denominated in Hong Kong dollars.

As at 31 March 2010, the Group's gearing ratio, measured on the basis of interest-bearing and long term debts (including bank loans, promissory notes and convertible bonds) as a percentage of total shareholder's funds, was approximately 62.7% (2009: Nil). 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 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 Redeemable Convertible Note and the Subscriptions in the amount of approximately HK$14.8 million and HK$88.95 million after expenses respectively. Funds raised from the Redeemable Convertible Note have been applied as part payment of the balance of purchase price under the acquisition for Mega Bright. Funds raised from the Subscriptions have been used (i) as part payment of the balance of purchase price under the acquisition for Mega Bright; (ii) as part payment of the refundable deposit for the possible acquisition of the entire equity interest in Ever Stable; and (iii) for the redemption of the Redeemable Convertible Note.

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 to finance payment of the balance of the consideration for the acquisition of Ever Stable. 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 2010, the Group's land use rights and buildings with net carrying values of approximately HK$19.42 million and HK$41.85 million respectively were pledged to secure bank loans of approximately HK$26.07 million (2009: Nil). 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 a minimum exposure to foreign exchange risks. As the sales, purchase, 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

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 services fee 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 valid defence and consider such claims would not have material adverse impact on the financial position of the Group.

EMPLOYEES

As at 31 March 2010, the Group had approximately 105 (2009: 29) 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$29.41 million (2009: HK$11.40 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

Going forward, 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 2010, 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	248,125,000 *(Note 1)*	–	259,375,000	18.55%
	Personal Interest		11,250,000 *(Note 2)*		
Hu Dongguang	Personal Interest	–	11,000,000 *(Note 3)*	11,000,000	0.79%
Wu Bingxiang	Personal Interest	–	10,200,000 *(Note 4)*	10,200,000	0.73%
Zhang Chi	Personal Interest	36,350,000	6,500,000 *(Note 5)*	42,850,000	3.07%
Ng Kwok Chu, Winfield	Personal Interest	–	500,000 *(Note 6)*	500,000	0.04%
Ng Chau Tung, Robert	Personal Interest	–	500,000 *(Note 6)*	500,000	0.04%
Tse Ching Leung	Personal Interest	–	700,000 *(Note 7)*	700,000	0.05%

Notes:

1. The 248,125,000 shares in the Company 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.

2. As at 31 March 2010, 11,250,000 share options conferring rights to subscribe for 11,250,000 shares.

3. As at 31 March 2010, 11,000,000 share options conferring rights to subscribe for 11,000,000 shares.

4. As at 31 March 2010, 10,200,000 share options conferring rights to subscribe for 10,200,000 shares.

5. As at 31 March 2010, 6,500,000 share options conferring rights to subscribe for 6,500,000 shares.

6. As at 31 March 2010, 500,000 share options conferring rights to subscribe for 500,000 shares.

7. As at 31 March 2010, 700,000 share options conferring rights to subscribe for 700,000 shares.

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 2010.

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 2010, 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	–	248,125,000	17.75%

Note:

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

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 2010.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2010, 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 2010.

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

29 June 2010, Hong Kong

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Wong Kam Leong, Mr. Hu Dongguang, Mr. Wu Bingxiang, Ms. Li Jie Yi and Dr. Guo Wanda; one non-executive director, namely Mr. Zhang Chi; 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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