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 2015

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 of the Stock Exchange 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, 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 or deceptive; 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 2015, together with the comparative audited figures for the year ended 31 March 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Note	**2015** **HK$'000**	2014 HK$'000
Continuing operations			
Revenue	*5*	**34,617**	25,697
Cost of sales		**(31,901)**	(24,813)
Gross profit		**2,716**	884
Other income and net gains		**–**	100
Administrative expenses		**(15,262)**	(13,617)
Operating loss		**(12,546)**	(12,633)
Finance costs		**(228)**	(3,686)
Impairment loss on property, plant and equipment		**–**	(287)
Impairment loss on amounts due from de-consolidated subsidiaries	*6*	**–**	(184,883)
Provision for legal claims	*11*	**(10,125)**	–
Net gain on de-consolidation of subsidiaries	*6*	**–**	164,183
Loss before taxation	*6*	**(22,899)**	(37,306)
Income tax	*7*	**–**	608
Loss for the year from continuing operations		**(22,899)**	(36,698)
Discontinued operations			
Loss for the year from discontinued operations		**–**	(333)
Loss for the year		**(22,899)**	(37,031)
Other comprehensive loss for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating operations outside Hong Kong			
— Reclassification adjustments upon de-consolidation of subsidiaries		**–**	(14,341)
		–	(14,341)
Total comprehensive loss for the year		**(22,899)**	(51,372)

	Note	2015 HK$'000	2014 HK$'000
Loss attributable to the owners of the Company		**(22,899)**	(37,031)
Total comprehensive loss attributable to the owners of the Company		**(22,899)**	(51,372)
Loss per share attributable to owners of the Company	*8*		
From continuing and discontinued operations			
— Basic (HK cents per share)		**(1.56)**	(3.18)
— Diluted (HK cents per share)		**(1.56)**	(3.18)
From continuing operations			
— Basic (HK cents per share)		**(1.56)**	(3.15)
— Diluted (HK cents per share)		**(1.56)**	(3.15)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	**2015** ***HK$'000***	2014 *HK$'000*
Non-current assets			
Property, plant and equipment		**464**	1,040
Available-for-sale financial asset		**180**	180
Total non-current assets		**644**	1,220
Current assets			
Trade receivables	*10*	**–**	7,438
Prepayments, deposits and other receivables		**7,086**	271
Cash and cash equivalents		**1,967**	3,484
Total current assets		**9,053**	11,193
Current liabilities			
Trade payables	*11*	**2,695**	9,713
Other payables	*11*	**26,395**	9,319
Provision	*11*	**10,125**	–
Total current liabilities		**39,215**	19,032
Net current liabilities		**(30,162)**	(7,839)
NET LIABILITIES		**(29,518)**	(6,619)
EQUITY			
Equity attributable to owners of the Company			
Share capital		**14,682**	14,682
Reserve		**(44,200)**	(21,301)
TOTAL EQUITY		**(29,518)**	(6,619)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Attributable to owners of the Company									
	Share capital	Share premium	Exchange reserve	Share options reserve	Convertible bonds equity reserve	Accumulated losses	Statutory reserve	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2013	6,857	417,862	14,341	16,008	20,565	(481,735)	1,042	(5,060)	(51,936)	(56,996)
Loss for the year	–	–	–	–	–	(37,031)	–	(37,031)	–	(37,031)
Reclassification adjustments upon de-consolidation of subsidiaries	–	–	(14,341)	–	–	–	–	(14,341)	–	(14,341)
Total comprehensive loss for the year	–	–	(14,341)	–	–	(37,031)	–	(51,372)	–	(51,372)
Placing of new shares	200	12,200	–	–	–	–	–	12,400	–	12,400
Share issuance expenses	–	(310)	–	–	–	–	–	(310)	–	(310)
De-consolidation of subsidiaries	–	–	–	–	–	1,042	(1,042)	–	51,936	51,936
Conversion of convertible bonds	7,625	50,663	–	–	(24,021)	–	–	34,267	–	34,267
Release of deferred tax liability upon conversion of convertible bonds	–	–	–	–	3,456	–	–	3,456	–	3,456
Lapse of share options	–	–	–	(7,532)	–	7,532	–	–	–	–
At 31 March 2014	14,682	480,415(#)	–(#)	8,476(#)	–(#)	(510,192)(#)	–(#)	(6,619)	–	(6,619)
At 1 April 2014	**14,682**	**480,415**	**–**	**8,476**	**–**	**(510,192)**	**–**	**(6,619)**	**–**	**(6,619)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(22,899)**	**–**	**(22,899)**	**–**	**(22,899)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**(22,899)**	**–**	**(22,899)**	**–**	**(22,899)**
At 31 March 2015	**14,682**	**480,415(#)**	**–(#)**	**8,476(#)**	**–(#)**	**(533,091)(#)**	**–(#)**	**(29,518)**	**–**	**(29,518)**

(#) As at 31 March 2015, the aggregate amount of share premium and reserves was deficit of HK$44,200,000 (2014: deficit of HK$21,301,000).

Notes

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 is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The address of its principal place of business was Factory Portion B of Unit 13, 9/F., Vanta Industrial Centre, Nos. 21–33 Tai Lin Pai Road, Kwai Chung, New Territories. Trading in shares of the Company has been suspended since 3 December 2013 at the request of the Company.

The Company is an investment holding company. During the year, its subsidiaries were principally engaged in the trading of wine and alcohol and trading of timber.

On 3 December 2013, trading in the shares of the Company was suspended pending the release of inside information. The Stock Exchange indicated that trading in the shares could only be resumed after the Company has demonstrated that it has a sufficient level of operations or assets as required by Rule 17.26 of the Rules Governing the Listing of Securities on the Growth Enterprise Market on the Stock Exchange (the "GEM Listing Rules").

On 21 November 2014, the Company was informed by the Stock Exchange that the GEM Listing Committee had decided to proceed to cancel the Company's listing status pursuant to Rule 9.14 of the GEM Listing Rules and requested the Company to submit a resumption proposal to demonstrate that it has sufficient level of operations or assets as required by Rule 17.26 of the GEM Listing Rules by 5 May 2015, failing which the Stock Exchange would proceed with cancelling the Company's listing.

The Company made a submission relating to the resumption proposal setting out details in respect of, among other things, the acquisition of business, an open offer and a capital reorganisation to the Stock Exchange on 5 May 2015. As part of the resumption proposal, the Company intends to, among other things, carry out an acquisition which constitutes a reverse takeover for the Company which is subject to the approval of the GEM Listing Committee as if it were a new listing application to be made by the Company.

As more time is required for the preparation of the aforesaid new listing application, the Company applied to the Stock Exchange on 18 May 2015 for an extension of the submission deadline of the resumption proposal (the "Extension Application").

On 26 May 2015, the Stock Exchange has approved the Extension Application and allows the Company to submit a new listing application relating to the resumption proposal (but not any other proposal) under the GEM Listing Rules on or before 30 October 2015. If the Company fails to do so or the resumption proposal fails to proceed for any reasons, the Stock Exchange will proceed with cancelling the Company's listing.

Further details of the Group's resumption proposal are disclosed in the Company's announcement dated 17 June 2015.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(a) Adoption of Hong Kong Financial Reporting Standards

Except for the matters regarding the de-consolidation of subsidiaries as mentioned in note 2(b) below, these financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the GEM Listing Rules, continue to be those of the predecessor Companies Ordinance (Cap. 32). These financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2015 comprise the Company and its subsidiaries other than those de-consolidated (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 operates (the "functional currency"). These financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest thousand except for loss per share data. Hong Kong dollar is the Company's functional and the Group's presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

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.

Going concern

The Group incurred loss of approximately HK$22,899,000 and had net operating cash outflow of approximately HK$17,200,000 for the year ended 31 March 2015 and as of that date, the Group and the Company's current liabilities exceeded its current assets by approximately HK$30,162,000 and HK$31,538,000 respectively, and the net liabilities of the Group and the Company amounted to HK$29,518,000 and HK$31,235,000 respectively. These conditions, along with other matters as set forth herein, 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) the Company had, after the reporting period, entered into an acquisition agreement with independent third parties (the "Vendors"), pursuant to which, among other things, the Group conditionally agreed to acquire, and the Vendors conditionally agreed to sell, 70% equity interest of a target Company (the "Conditional Acquisition"). The directors of the Company believed that the completion of the Conditional Acquisition will enable the Group to acquire new business operations which will generate a positive operating cash flow to the Group; (2) the Company had, after the reporting period, proposed to carry out a conditional open offer to raise funding of approximately HK$105 million before expenses in order to finance the Conditional Acquisition and to fund the working capital of the Group. Details of the open offer and the Conditional Acquisition were disclosed in the Company's announcement dated 17 June 2015; (3) one of the existing directors of the Company has confirmed his intention and ability to provide continuing financial support to the Group so as to enable it to meet its liabilities as and when they fall due and to carry on its business for the foreseeable future; (4) one of the existing shareholders of the Company had, after the reporting period, further increased its unsecured loan facility to the Company from HK$15 million to HK$45 million; and (5) the directors of the Company continue to take action to tighten cost controls over various operating expenses.

In light of the measures and arrangements as described above and with reference to a cash flow forecast in relation to the current business and financing plans of the Group, the directors have concluded that the Group will have sufficient working capital to meet its financial obligations 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. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than at the amounts at which they are currently carried in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets as current assets.

De-consolidation of subsidiaries

Paper products operating segment

During the year ended 31 March 2014, the directors of the Company had been unable to obtain complete set of books and records together with the supporting documents of the Group's PRC subsidiary, Jining Gangning Paper Company Limited (濟寧港寧紙業有限公司) ("Jining Gangning") due to the non-cooperation of the management and accounting personnel of Jining Gangning. Jining Gangning and its respective holding companies ("Paper Products Segment Holding Companies"), namely Glory Smile Enterprises Limited and Mega Bright Investment Development Limited (together referred to as the "De-consolidated Subsidiaries of the Paper Products Segment") formed the Group's paper products operating segment.

In the absence of complete set of books and records and the non-cooperation of the management and accounting personnel of Jining Gangning, the directors of the Company considered that the Group had lost control over Jining Gangning and Jining Gangning had been de-consolidated from the consolidated financial statements of the Group as from 1 April 2013. Since the principal activity of the Paper Products Segment Holding Companies were the holding of the Group's interests in Jining Gangning, the directors of the Company considered that the Paper Products Segment Holding Companies should also be de-consolidated as it would be meaningless and to a certain extent confusing to consolidate only the Paper Products Segment Holding Companies that would include only a part of the assets and liabilities of the entire paper products operating segment. Consequently, the Paper Products Segment Holding Companies were also de-consolidated from the consolidated financial statements as from 1 April 2013. The de-consolidation of the Paper Products Segment Holding Companies was not in accordance with the Hong Kong Financial Reporting Standard 10 "*Consolidated Financial Statements*".

The de-consolidation of the De-consolidated Subsidiaries of the Paper Products Segment had resulted in a net gain on de-consolidation of subsidiaries of approximately HK$164,183,000 and an impairment loss on amounts due from the De-consolidated Subsidiaries of the Paper Products Segment of approximately HK$184,883,000 for the year ended 31 March 2014 as the directors, to the best of their knowledge and belief, were of the view that the carrying values of the amounts due from the De-consolidated Subsidiaries of the Paper Products Segment were not recoverable and, accordingly, an impairment loss of HK$184,883,000 had been recognised in profit or loss.

The Group had consolidated the assets and liabilities of the De-consolidated Subsidiaries of the Paper Products Segment as at 30 September 2013 and their results for the period from 1 April 2013 to 30 September 2013 in its interim report for the six months ended 30 September 2013 based on unaudited management information received. Due to the continued non-cooperation of the management and accounting personnel of Jining Gangning, as detailed in the Company's announcement dated 27 January 2014, the Group had been denied of further management information required for reporting in its third quarterly report. Consequently, the third quarter financial information as reported in the Group's third quarterly report had not included those of De-consolidated Subsidiaries of the Paper Products Segment and they had been de-consolidated as from 1 October 2013.

As the directors of the Company had not been provided with the complete set of books and records together with the supporting documents for them to prepare proper consolidated financial statements and to make the appropriate disclosures under the annual reporting requirements which are more comprehensive than the disclosure requirements of the interim report and the third quarterly report, the directors of the Company considered that it is more appropriate to de-consolidate the De-consolidated Subsidiaries of the Paper Products Segment from the consolidated financial statements of the Group as from 1 April 2013.

The following detailed the unaudited financial information, before intra-group balances and transactions elimination, of the De-consolidated Subsidiaries of the Paper Products Segment which was consolidated in the Group's interim report for the six months ended 30 September 2013 but was excluded in the consolidated financial statements for the year ended 31 March 2014.

	Unaudited 1/4/2013– 30/9/2013 *HK$'000*
Revenue	67,874
Loss for the period	(13,265)
Other comprehensive income	1,782
Total comprehensive loss	(11,483)

	Unaudited 30/9/2013 *HK$'000*
Non-current assets	128,799
Current assets	252,684
Current liabilities	(595,628)
Non- current liabilities	(27)
Net liabilities	(214,172)

Biodegradable products operating segment

During the year ended 31 March 2013, the directors of the Company had been unable to obtain complete set of books and records together with the supporting documents of the Group's PRC subsidiaries, Dongguan Jiu He Bioplastics Company Limited (東莞九禾生物塑料有限公司) and Zhongshan Jiu He Bioplastics Company Limited (中山九禾生物塑料有限公司) (the "Biodegradable Products Segment Subsidiaries") due to the resignations of the key management staff in early 2013 and the unwillingness of the holders of non-controlling interests who were managing the PRC Subsidiaries (the "non-controlling shareholders") to co-operate in the reconstruction of the books and accounts. The PRC Subsidiaries and their respective holding companies (the "Biodegradable Products Segment Holding Companies"), namely Fast Rise Development Limited, Ever Stable Holdings Limited and World Champion Investments Limited (together referred to as the "De-consolidated Subsidiaries of the Biodegradable Products Segment") formed the Group's biodegradable products operating segment.

In the absence of complete set of books and records and the non-cooperation of the non-controlling shareholders, the Biodegradable Products Segment Subsidiaries had been de-consolidated from the consolidated financial statements of the Group as from 1 April 2012. Since the Biodegradable Products Segment Holding Companies were merely holding the interests of the Biodegradable Products Segment Subsidiaries as their principal operations, the directors of the Company consider that the Biodegradable Products Segment Holding Companies should also be de-consolidated as it would be meaningless and to a certain extent confusing to consolidate only the Biodegradable Products Segment Holding Companies that would include only a part of the assets and liabilities of the entire biodegradable products operating segment. As a result, the Biodegradable Products Segment Holding Companies were also de-consolidated from the consolidated financial statements as from 1 April 2012. The de-consolidation of the Biodegradable Products Segment Holding Companies was not in accordance with the Hong Kong Financial Reporting Standard 10 "*Consolidated Financial Statements*".

The de-consolidation of the De-consolidated Subsidiaries of the Biodegradable Products Segment had resulted in a net loss on de-consolidation of subsidiaries of approximately HK$10,223,000 and an impairment loss on the amounts due from the De-consolidated Subsidiaries of the Biodegradable Products Segment of approximately HK$265,649,000 as the directors were of the view that the carrying values of the amounts due from the De-consolidated Subsidiaries of the Biodegradable Products Segment were not recoverable and, accordingly, impairment loss of the same amount had been recognised in profit or loss for the year ended 31 March 2013.

The Company had commenced legal proceedings on 13 June 2013 against Mr. Leung Wa (梁華), the vendor in the Company's acquisition of 100% equity interest in Ever Stable Holdings Limited, which owned 60% equity interest in Dongguan Jiu He Bioplastics Company Limited (東莞九禾生物塑料有限公司) for breach of the acquisition agreement and the supplemental agreements. A final judgement was adjudicated against Mr. Leung Wa in favour of the Company by the High Court of the Hong Kong Special Administrative Region ("Hong Kong") on 9 August 2013.

The Company had filed an application for court's leave to present a Creditor's Bankruptcy Petition with the High Court of Hong Kong against the Vendor on 17 March 2014. After the Court of First Instance granted a bankruptcy order against the Vendor on 30 July 2014, the Proof of Debt was filed to the Official Receiver's Office on 29 August 2014.

As advised by the Company's legal advisers in these proceedings, the likelihood of distribution of any realized assets of Mr. Leung to the Company is slim.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

The Group has not applied any new standard or interpretation that have been issued but are yet effective for the current accounting period.

4. SEGMENT INFORMATION

The Group manages its business by divisions, which are organised by a mixture of business lines (products and services), 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 operating segments:

(i) Wine and alcohol — trading of wine and alcohol

(ii) Timber — trading of timber

In prior years, the Group was involved in money-lending business which was discontinued during the year ended 31 March 2014. The segment information does not include any amounts for this discontinued operation.

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:

	2015	2014
	HK$'000	*HK$'000*
Wine and alcohol	**19,720**	25,697
Timber	**14,897**	–
	34,617	25,697

(a) Segment results, assets and liabilities

Revenue and expenses are allocated to the reportable segments with reference to the revenue 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 non-current and current assets with the exception of available-for-sale financial assets and other corporate assets. Segment liabilities include all current and non-current liabilities with the exception of other corporate 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' emoluments, impairment loss on amounts due from de-consolidated subsidiaries, provision for legal claims, net gain on de-consolidation of subsidiaries, other income and net gains, finance costs and other corporate expenses. 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 resources allocation and assessment of segment performance for the years ended 31 March 2015 and 2014 is set out below.

Year ended 31 March 2015

	Wine and alcohol *HK$'000*	**Timber** *HK$'000*	**Total** *HK$'000*
Segment revenue			
Sales to external customers	**19,720**	**14,897**	**34,617**
Segment results (adjusted operating profit/(loss))	**(1,005)**	**(128)**	**(1,133)**
Segment assets	**1,213**	**5,433**	**6,646**
Segment liabilities	**(4,126)**	**(5,561)**	**(9,687)**
Other information			
Depreciation	**205**	**–**	**205**
Interest expenses	**–**	**95**	**95**
Loss on disposal of property, plant and equipment	**86**	**–**	**86**

Year ended 31 March 2014

	Wine and alcohol *HK$'000*
Segment revenue	
Sales to external customers	25,697
Segment results	(1,698)
Segment assets	11,849
Segment liabilities	(10,040)
Other information	
Depreciation	133
Capital expenditure	897
Loss on disposal of property, plant and equipment	41

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

	2015	2014
	HK$'000	*HK$'000*
Continuing Operations		
Revenue		
Total reportable segment revenue	**34,617**	25,697
Consolidated revenue	**34,617**	25,697
Loss		
Reportable segment (loss)	**(1,133)**	(1,698)
Elimination of inter-segment loss	**1,908**	–
Total reportable segment profit/(loss) derived from the Group's external customers	**775**	(1,698)
Impairment loss on amounts due from de-consolidated subsidiaries	**–**	(184,883)
Net gain on de-consolidation of subsidiaries	**–**	164,183
Finance costs	**(133)**	(3,686)
Provision for legal claims	**(10,125)**	–
Unallocated corporate expenses	**(13,416)**	(11,222)
Consolidated loss before taxation	**(22,899)**	(37,306)
Assets		
Total reportable segment assets	**6,646**	11,849
Elimination of inter-segment receivables	**(438)**	–
	6,208	11,849
Available-for-sale financial assets	**180**	180
Unallocated corporate assets	**3,309**	384
Consolidated total assets	**9,697**	12,413
Liabilities		
Total reportable segment liabilities	**9,687**	10,040
Elimination of inter-segment payables	**(5,883)**	–
	3,804	10,040
Provision for legal claims	**10,125**	–
Amount due from a director	**4,000**	–
Amount due from a shareholder	**11,400**	–
Unallocated corporate liabilities	**9,886**	8,992
Consolidated total liabilities	**39,215**	19,032

(c) Geographical information

The following is an analysis of the geographical location of (i) the Group's revenue from continuing operations from external customers and (ii) the Group's property, plant and equipment. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The geographical locations of property, plant and equipment, are based on the physical location of the asset under consideration.

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

	2015	2014
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**19,720**	25,697
PRC (place of domicile)	**14,897**	–
	34,617	25,697

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:

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**464**	1,040

(d) Information about major customers

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

	2015	2014
	HK$'000	*HK$'000*
Customer A — revenue from trading of wine and alcohol	**19,720**	15,941
Customer B — revenue from trading of wine and alcohol	**–**	5,232
Customer C — revenue from trading of wine and alcohol	**–**	4,466
Customer D — revenue from trading of timber	**14,897**	–
	34,617	25,639

5. REVENUE

The principal activity of the Group was trading of wine and alcohol and timber during the year.

Revenue represents the sales value of goods supplied to customers, net of value-added tax and/or business tax and after deducting discounts and returns. An analysis of the Group's revenue is as follows:

	2015	2014
	HK$'000	*HK$'000*
Continuing Operations		
Sales of timber	**14,897**	–
Sales of wine and alcohol	**19,720**	25,697
	34,617	25,697

6. LOSS BEFORE TAXATION

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

	2015	2014
	HK$'000	*HK$'000*
Continuing Operations		
Auditor's remuneration		
— Provision for the year	**1,400**	1,200
— Under-provision for previous year	**–**	320
— Other services	**40**	–
Costs of inventories sold	**31,901**	24,813
Depreciation of property, plant and equipment	**207**	907
Fair value change on derivative financial liabilities	**–**	(100)
Loss on disposals of property, plant and equipment	**86**	63
Impairment loss on amounts due from de-consolidated subsidiaries	**–**	184,883
Impairment loss on property, plant and equipment	**–**	287
Impairment loss on other receivables	**–**	122
Net (gain) on de-consolidation of subsidiaries	**–**	(164,183)
Minimum lease payments under operating leases in respect of leased premises	**936**	588
Staff costs including directors' emoluments		
— Contributions to defined contribution retirement plan	**103**	77
— Salaries, wages and other benefits	**4,925**	4,190
	5,028	4,267

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2015	2014
	HK$'000	*HK$'000*
Continuing Operations		
Current tax		
— Hong Kong	–	–
Deferred tax		
— Current year	–	(608)
	–	(608)

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

Loss

	2015	2014
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(22,899)**	(37,031)

Weighted average number of ordinary shares (basic)

	2015	2014
	'000	*'000*
Issued ordinary shares at the beginning of the year	**1,468,197**	685,697
Effect of placing of shares	–	9,425
Effect of conversion of convertible bonds	–	468,630
Weighted average number of ordinary shares at the end of the year	**1,468,197**	1,163,752

The basic and diluted loss per share are the same for the years ended 31 March 2015 and 2014 respectively, as the share options and convertible note/bonds outstanding during the years are anti-dilutive.

From continuing operations

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

Loss figures are calculated as follows:

	2015	2014
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(22,899)**	(37,031)
Less: Loss for the year from discontinued operations	**–**	333
Loss for the purpose of basic loss per share from continuing operations	**(22,899)**	(36,698)

The denominators used are the same as those detailed above for loss per share from continuing and discontinued operations.

The basic and diluted loss per share from continuing operations are the same for the years ended 31 March 2015 and 2014 respectively, as the share options and convertible note/bonds outstanding during the years are anti-dilutive.

From discontinued operations

Basic loss per share for the discontinued operations for the year ended 31 March 2014 is HK0.03 cents per share, based on the loss for the year ended 31 March 2014 from the discontinued operations of HK$333,000 and the denominators detailed above for loss per share from continuing and discontinued operations.

The basic and diluted loss per share from discontinued operations are the same for the years ended 31 March 2014, as the share options and convertible note/bonds outstanding during the years are anti-dilutive.

9. 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 (2014: Nil).

10. TRADE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Accounts receivable	**–**	7,438
Less: Allowance for impairment	**–**	–
	–	7,438

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

Age analysis

The following is an analysis of trade receivables by age, presented based on the invoice date, which approximates the respective revenue recognition dates:

	2015	2014
	HK$'000	*HK$'000*
Within three months	**–**	7,438
	–	7,438

Trade debtors are generally due within one to three months from the date of billing.

11. TRADE PAYABLES, OTHER PAYABLES AND PROVISION

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**2,695**	9,713

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

	2015	2014
	HK$'000	*HK$'000*
Within three months	**–**	9,713
Over three months but within six months	**2,695**	–
	2,695	9,713
Other payables		
— Accruals	**6,431**	4,755
— Other payables	**4,564**	4,564
— Amount due to a director *(Note (i))*	**4,000**	–
— Amount due to a shareholder *(Note (ii))*	**11,400**	–
	26,395	9,319

Notes:

(i) Amount due to a director is unsecured, non-interest-bearing and repayable on 31 December 2015.

(ii) Amount due to a shareholder is unsecured, interest-bearing on 5% per annum and repayable within one year.

Provision

The movements of the provision recognised in the consolidated statement of financial position during the year are as follows:

	HK$'000
At 1 April 2014	–
Provision for legal claims	10,125
At 31 March 2015	**10,125**

The amount represents a provision for a pending litigation against the Group. For details please refer to note (iii) of the section headed "Contingent liabilities" below.

12. EVENTS AFTER THE REPORTING PERIOD

On 3 December 2013, trading in the shares of the Company was suspended pending the release of inside information. The Stock Exchange indicated that trading in the shares could only be resumed after the Company has demonstrated that it has a sufficient level of operations or assets as required by Rule 17.26 of the GEM Listing Rules.

On 21 November 2014, the Company was informed by the Stock Exchange that the GEM Listing Committee had decided to proceed to cancel the Company's listing status pursuant to Rule 9.14 of the GEM Listing Rules and requested the Company to submit a resumption proposal to demonstrate that it has sufficient level of operations or assets as required by Rule 17.26 of the GEM Listing Rules by 5 May 2015, failing which the Stock Exchange would proceed with cancelling the Company's listing.

Subsequent to the reporting period, the Company made a submission relating to the resumption proposal setting out details in respect of, among other things, an acquisition, an open offer and a capital reorganization to the Stock Exchange on 5 May 2015.

As part of the resumption proposal, the Company has indicated its intention to, among other things, carry out an acquisition ("Acquisition") which constitutes a reverse takeover for the Company which is subject to the approval of the GEM Listing Committee as if a new listing application is to be made by the Company. As more time is required for the preparation of the new listing application, the Company applied to the Stock Exchange on 18 May 2015 for an extension of the submission deadline of the resumption proposal (the "Extension Application").

On 26 May 2015, the Stock Exchange has approved the Extension Application and allows the Company to submit a new listing application relating to the resumption proposal (but not any other proposal) under the GEM Listing Rules on or before 30 October 2015. If the Company fails to do so or the resumption proposal fails to proceed for any reasons, the Stock Exchange will proceed with cancelling the Company's listing.

Details on the abovementioned resumption proposal (the "Resumption Proposal") are disclosed as follows:

(a) The Acquisition:

On 4 May 2015, Goldbay Global Limited (the "Purchaser") (a direct wholly-owned subsidiary of the Company), the vendors (the "Vendors") and the guarantors (the "Guarantors") entered into an acquisition agreement, pursuant to which, among other things, the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, 70% equity interest in Hong Kong Automobile Restoration Group Limited, (the "Target Company"), for a consideration of HK$122.85 million. The consideration is to be satisfied (i) as to HK$35 million in cash; (ii) as to HK$15 million by the issue of promissory notes; and (iii) as to HK$72.85 million by the issue and allotment of 169,418,604 consideration shares (representing approximately 30.2% of the issued share capital of the Company after adjustment for the capital reorganisation (note c) and as enlarged by the issue of the consideration shares and the offer shares from open offer (note b) to the Vendors.

The target group is principally engaged in auto detailing services and auto repair and maintenance services under the "CARs" and "Challenger" brands in Hong Kong. The acquisition is conditional upon, among other things, completion of the open offer, the capital reorganisation becoming effective, and the granting of the whitewash waiver by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission. The completion of the acquisition will take place simultaneously with the completion of the open offer. Upon the completion of acquisition, the Target Company will become an indirect 70%-owned subsidiary of the Company.

Up to the date of this announcement, completion of the acquisition has not been taken place.

(b) The Open Offer:

Further, in order to, among other things, finance the Acquisition and to fund the working capital of the Group following the completion of the Acquisition, the Company also proposed to carry out an open offer and accordingly entered into an underwriting agreement with the underwriter on 4 May 2015. The Board proposes to raise not less than approximately HK$105.2 million before expenses by way of issuing not less than 244,699,541 offer shares; and to raise not more than approximately HK$105.5 million before expenses by way of issuing not more than 245,445,375 offer shares, at the subscription price of HK$0.43 per offer share on the basis of five (5) offer shares for every three (3) adjusted shares resulting from the proposed capital reduction (note c(ii)) held on the record date.

(c) The Capital Reorganisation:

The Board also proposes to implement the capital reorganisation which involves the following:

(i) the proposed share consolidation whereby every ten (10) issued and unissued shares of par value HK$0.01 each in the existing share capital of the Company be consolidated into one (1) consolidated share of par value HK$0.10 each (the "Consolidated Share");

(ii) the proposed capital reduction whereby the (a) the issued share capital of the Company is reduced by cancelling the paid up capital of the Company to the extent of HK$0.09 on each of the then issued Consolidated Share such that the par value of each issued Consolidated Share will be reduced from HK$0.10 to HK$0.01 (the "Issued Capital Reduction"); and (b) the authorised share capital of the Company is reduced by reducing the par value of all Consolidated Shares from HK$0.10 each to HK$0.01 each resulting in the reduction of the authorised share capital of the Company from HK$300,000,000 divided into 3,000,000,000 Consolidated Shares to HK$30,000,000 divided into 3,000,000,000 adjusted shares (the "Adjusted Shares") of par value HK$0.01 each;

(iii) the proposed capital increase whereby the authorised share capital of the Company be increased from HK$30,000,000 divided into 3,000,000,000 Adjusted Shares to HK$300,000,000 divided into 30,000,000,000 Adjusted Shares;

(iv) the proposed share premium reduction whereby the entire amount standing to the credit of the share premium account be reduced to nil (the "Share Premium Reduction");

(v) the transfer of the credit amounts arising from the Issued Capital Reduction and the Share Premium Reduction to the contributed surplus account; and

(vi) the Directors will be authorised to apply any credit balance in the contributed surplus account in accordance with the Bye-laws and all applicable laws (including the application of such credit balance to set off against the accumulated losses of the Company).

Immediately following the capital reorganisation, the authorised share capital of the Company will be HK$300,000,000 divided into 30,000,000,000 adjusted shares of par value HK$0.01 each, of which 146,819,725 adjusted shares will be in issue and the aggregate nominal value of the issued share capital of the Company will be HK$1,468,197.25 (assuming that no further shares are issued or repurchased from the date of this report until the effective date of the capital reorganisation).

Based on the number of shares in issue as at 31 March 2015, a credit of approximately HK$13.2 million will arise as a result of the Capital Reduction. As at 31March 2015, the amount standing to the credit of the share premium account of the Company was approximately HK$480.4 million and the entire balance of the accumulated losses of the Company was approximately HK$534.8 million. The credit amounts arising from the Issued Capital Reduction and the Share Premium Reduction will be transferred to the contributed surplus account.

Further details of the Resumption Proposal are disclosed in Company's announcement dated 17 June 2015.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of this announcement of the Group's result for the year ended 31 March 2015 have been agreed by the Group's auditor, Crowe Horwath (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe Horwath (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe Horwath (HK) CPA Limited on this announcement.

AUDIT OPINION

The auditor of the Group will issue disclaimer audit opinion on the consolidated financial statements of the Group for the year under audit. An extract of the auditor's report is set out in the section headed "**EXTRACTION OF INDEPENDENT AUDITOR'S REPORT**" below.

EXTRACTION OF INDEPENDENT AUDITOR'S REPORT

BASIS FOR DISCLAIMER OPINION

1. De-consolidation of subsidiaries

(a) De-consolidation of subsidiaries of paper products operating segment during the year ended 31 March 2014

As disclosed in note 2(b) to the consolidated financial statements, the directors of the Company were unable to obtain complete set of books and records together with the supporting documents of the Group's PRC subsidiary, Jining Gangning Paper Company Limited (濟寧港寧紙業有限公司) ("Jining Gangning"), due to the non-cooperation of the management and accounting personnel of Jining Gangning. Jining Gangning and its respective holding companies (the "Paper Products Segment Holding Companies"), namely Glory Smile Enterprises Limited and Mega Bright Investment Development Limited (together referred to as the "De-consolidated Subsidiaries of the Paper Products Segment") formed the Group's paper products operating segment.

The directors of the Company considered that the Group had lost control over Jining Gangning and in the absence of complete set of books and records and the non-cooperation of the management and accounting personnel of Jining Gangning, Jining Gangning had been de-consolidated from the consolidated financial statements of the Group as from 1 April 2013. Since the Paper Products Segment Holding Companies were merely holding the interests of Jining Gangning as their principal activity, the directors of the Company considered that the Paper Products Segment Holding Companies should also be de-consolidated as it would be meaningless and to a certain extent confusing to consolidate only the Paper Products Segment Holding Companies that would include only a part of the assets and liabilities of the entire paper products operating segment. Consequently, the Paper Products Segment Holding Companies were also de-consolidated from the consolidated financial statements of the Group as from 1 April 2013. The de-consolidation of the Paper Products Segment Holding Companies was not in accordance with the Hong Kong Financial Reporting Standard 10 "*Consolidated Financial Statements*".

The de-consolidation of the De-consolidated Subsidiaries of the Paper Products Segment had resulted in a net gain on de-consolidation of subsidiaries of approximately HK$164,183,000 and an impairment loss on the amounts due from the De-consolidated Subsidiaries of the Paper Products Segment of approximately HK$184,883,000 for the year ended 31 March 2014. The directors were of the view that the carrying values of the amounts due from the De-consolidated Subsidiaries of the Paper Products Segment were not recoverable and, accordingly, an impairment loss of HK$184,883,000 had been recognised in profit or loss.

We have not been provided with sufficient information and explanations on the de-consolidation of Jining Gangning and there were no alternative audit procedures that we could perform to satisfy ourselves as to whether it was appropriate to de-consolidate the assets and liabilities of Jining Gangning and cease recording its results of operations from the consolidated financial statements during the year ended 31 March 2014. In addition to the above, and due to the unavailability of complete sets of books and records and the lack of information on the assets and liabilities of Jining Gangning, we were unable to obtain sufficient appropriate audit evidences to determine whether the net gain on de-consolidation of subsidiaries of approximately HK$164,183,000 and the impairment loss on the amounts due from the De-consolidated Subsidiaries of the Paper Products Segment of approximately HK$184,883,000, which were credited and charged to the Group's loss for the year ended 31 March 2014 respectively, were free from material misstatement.

We are therefore unable to determine whether any adjustments were necessary to be made to the Group's accumulated losses as at 1 April 2014 and of its loss and cash flows for the years ended 31 March 2014 and 2015, the state of the Group's and the Company's affairs as at 31 March 2014 and 2015 and on the related disclosures in the consolidated financial statements. The above matters also caused us to disclaim our opinion on the consolidated financial statements for the year ended 31 March 2014.

(b) De-consolidation of subsidiaries of biodegradable products operating segment during the year ended 31 March 2013

As disclosed in note 2(b) to the consolidated financial statements, the directors of the Company were unable to obtain complete set of books and records together with the supporting documents of the Group's PRC subsidiaries, Dongguan Jiu He Bioplastics Company Limited (東莞九禾生物塑料有限公司) and Zhongshan Jiu He Bioplastics Company Limited (中山九禾生物塑料有限公司) (the "Biodegradable Products Segment Subsidiaries") due to the resignations of the key management staff in early 2013 and the unwillingness of the holders of non-controlling interests who were managing the Biodegradable Products Segment Subsidiaries (the "non-controlling shareholders") to co-operate in the reconstruction of the books and accounts. The Biodegradable Products Segment Subsidiaries and their respective holding companies (the "Biodegradable Products Segment Holding Companies"), namely Fast Rise

Development Limited, Ever Stable Holdings Limited and World Champion Investments Limited (together referred to as the "De-consolidated Subsidiaries of the Biodegradable Products Segment") formed the Group's biodegradable products operating segment.

In the absence of complete set of books and records and the non-cooperation of the non-controlling shareholders, the Biodegradable Products Segment Subsidiaries had been de-consolidated from the consolidated financial statements of the Group as from 1 April 2012. Since the Biodegradable Products Segment Holding Companies were merely holding the interests of the Biodegradable Products Segment Subsidiaries as their principal activity, the directors of the Company considered that the Biodegradable Products Segment Holding Companies should also be de-consolidated as it would be meaningless and to a certain extent confusing to consolidate only the Biodegradable Products Segment Holding Companies that would include only a part of the assets and liabilities of the entire biodegradable products operating segment. Consequently, the Biodegradable Products Segment Holding Companies were also de-consolidated from the consolidated financial statements of the Group as from 1 April 2012. The de-consolidation of the Biodegradable Products Segment Holding Companies was not in accordance with the Hong Kong Financial Reporting Standard 10 "*Consolidated Financial Statements*".

The de-consolidation of the De-consolidated Subsidiaries of the Biodegradable Products Segment had resulted in a net loss on de-consolidation of subsidiaries of approximately HK$10,223,000 and an impairment loss on the amounts due from the De-consolidated Subsidiaries of the Biodegradable Products Segment of approximately HK$265,649,000 for the year ended 31 March 2013. The directors were of the view that the carrying values of the amounts due from the De-consolidated Subsidiaries of the Biodegradable Products Segment were not recoverable and, accordingly, an impairment loss of HK$265,649,000 had been recognised in profit or loss for the year ended 31 March 2013.

We have not been provided with sufficient information and explanations on the de-consolidation of the Biodegradable Products Segment Subsidiaries and there were no alternative audit procedures that we could perform to satisfy ourselves as to whether it was appropriate to de-consolidate the assets and liabilities and cease to record results of operations of the Biodegradable Products Segment Subsidiaries from the consolidated financial statements during the year ended 31 March 2013. In addition to the above, and due to the unavailability of complete sets of books and records and the lack of information on the assets and liabilities of the Biodegradable Products Segment Subsidiaries, we were unable to obtain sufficient appropriate audit evidences to determine whether the net loss on de-consolidation of subsidiaries of approximately HK$10,223,000 and the impairment loss on the amounts due from the De-consolidated Subsidiaries of the Biodegradable Products Segment of approximately HK$265,649,000, which were charged to the Group's loss for the year ended 31 March 2013, were free from material misstatement.

We are therefore unable to determine whether any adjustments were necessary to be made to the Group's accumulated losses as at 1 April 2013 and of its loss and cash flows for the years ended 31 March 2014 and 2015, the state of the Group's and the Company's affairs as at 1 April 2013, 31 March 2014 and 2015 and whether any effect on the related disclosures in the consolidated financial statements. The above matters also caused us to disclaim our opinion on the consolidated financial statements for the year ended 31 March 2014.

2. Alleged loan to the Company

As mentioned in note 32(ii) to the consolidated financial statements, a litigation was brought against the Company and Mr. Wong Kam Leong ("Mr. Wong"), the ex-chairman of the Company as defendants for an alleged loan of approximately HK$21,000,000 which allegedly arose from a loan agreement (the "Loan Agreement") that was purportedly signed by Mr. Wong on behalf of the Company. The loan was allegedly granted to the Company and purportedly guaranteed by Mr. Wong. The litigation is still in progress and it is not possible to estimate the outcome of the litigation at this stage. The Company's directors consider that any amount of obligation to the Company in relation to this litigation cannot be measured with sufficient reliability and based on their investigation and legal opinion from the PRC legal advisers, consider that the Company is not indebted to the plaintiff for the sum claimed nor for any amount under the Loan Agreement. As a result, no liability has been recognised in the consolidated financial statements for the year ended 31 March 2015.

We were unable to obtain sufficient appropriate audit evidence as to whether the Group should recognise any liability under and resulting from the Loan Agreement and the pending litigation as at 31 March 2015.

3. Alleged guarantee agreement

As mentioned in note 32(iii) to the consolidated financial statements, on 6 November 2014, the Company received a writ of summons from Jinan Intermediate People's Court (濟南市中級人民法院) ("Jinan Court") in respect of a civil case where under a PRC company, namely, Shandong Rongshihua Leasing Company Limited (山東融世華租賃有限公司) ("Plaintiff ") claimed against (i) Jining Gangning Paper Company Limited (濟寧港寧紙業有限公司) ("Jining Gangning") as the first defendant, which is a 51% owned PRC subsidiary of the Group and had been de-consolidated from the Group's consolidated financial statements as from 1 April 2013; (ii) the Company as the second defendant; (iii) Mega Bright Investment Development Limited ("Mega Bright"), which is an indirectly wholly-owned subsidiary of the Company and the holding company of Jining Gangning, as the third defendant; (iv) Jining Haoyuan Paper Co. Limited (濟寧昊源紙業有限公司), which is the 49% shareholder of Jining Ganning, as the fourth defendant; (v) Shandong Xinyuan Mine Equipment Group Limited (山東星源礦山設備集團有限公司) as the fifth defendant; and (vi) Mr. Li Jian (李健) who is the general manager of Jining Gangning as the sixth defendant for the total amount of RMB15.88 million which include unpaid rental payments of RMB1.97 million, remaining lease commitment of RMB13.78 million, and other costs of RMB0.13 million (the "Total Claims") under a machinery leasing agreement (the "Leasing Agreement") allegedly signed between the Plaintiff as the lessor and Jining Gangning as the lessee.

A guarantee agreement (the "Alleged Guarantee Agreement") allegedly signed between Plaintiff and the Company and Mega Bright, which apparently bears the signature of Mr. Wong, the ex-chairman of the Company. Pursuant to the Alleged Guarantee Agreement, the Company and Mega Bright together acted as guarantors and were responsible to guarantee 51% of the liability under the Leasing Agreement. According to the Writ, Plaintiff claimed against the Company and Mega Bright for 51% of the Total Claims.

The first hearing took place on 8 April 2015 and the court had not yet reached any judgment. As advised by the Company's PRC legal advisers, the potential maximum exposure and liability of the Company and Mega Bright in this case will be in the region of RMB8.1 million, being 51% of the amount claimed by Plaintiff. The Company's directors, after seeking legal advices, considered that a provision of RMB8.1 million should be made. As a result, the Company has made a provision of HK$10,125,000 (equivalent to RMB8.1 million) for the case and no further provision has been provided. In addition, the Company's directors consider that any obligation of Mega Bright and Jining Gangning arising from this case or the Leasing Agreement and Alleged Guarantee Agreement should have no financial impact on the Group's consolidated financial statements for the year ended 31 March 2015 as Mega Bright and Jining Gangning were de-consolidated from the Group's consolidated financial statements as from 1 April 2013.

We were unable to obtain sufficient appropriate audit evidence as to whether the abovementioned provision of HK$10,125,000, which was charged to the Group's loss for the year ended 31 March 2015, was free from material misstatement.

4. Appropriateness of using going concern basis in preparing the consolidated financial statements

The Group incurred loss of approximately HK$22,899,000 and had net operating cash outflow of approximately HK$17,200,000 for the year ended 31 March 2015 and as of that date, the Group and the Company's current liabilities exceeded its current assets by approximately HK$30,162,000 and HK$31,538,000 respectively, and the net liabilities of the Group and the Company amounted to HK$29,518,000 and HK$31,235,000 respectively. These conditions, along with other matters as set forth in note 2(b) to the consolidated financial statements, 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.

As stated in note 2(b) to the consolidated financial statements, the directors of the Company have been taking active steps to improve the liquidity position of the Group. These steps included (1) the Company had, after the reporting period, entered into an acquisition agreement with independent third parties (the "Vendors"), pursuant to which, among other things, the Group conditionally agreed to acquire, and the Vendors conditionally agreed to sell, 70% equity interest of a target Company (the "Conditional Acquisition"). The directors of the Company believed that the completion of the Conditional Acquisition will enable the Group to acquire new business operations which will generate a positive operating cash flow to the Group; (2) the Company had, after the reporting period, proposed to carry out a conditional open offer to raise funding of approximately HK$105 million before expenses in order to finance the Conditional

Acquisition and to fund the working capital of the Group. Details of the open offer and the Conditional Acquisition were disclosed in the Company's announcement dated 17 June 2015; (3) one of the existing directors of the Company has confirmed his intention and ability to provide continuing financial support to the Group so as to enable it to meet its liabilities as and when they fall due and to carry on its business for the foreseeable future; (4) one of the existing shareholders of the Company had, after the reporting period, further increased its unsecured loan facility to the Company from HK$15 million to HK$45 million; and (5) the directors of the Company continue to take action to tighten cost controls over various operating expenses.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the successful outcome of the measures as stated in above and note 2(b) to the consolidated financial statements. Should the going concern assumption be inappropriate, adjustment may have to be made to reflect the situation that assets may need to be realized other than at the amounts at which they are currently carried in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets as current assets.

Any adjustments that might have been found to be necessary in respect of the above matters would have a significant effect on the Group's accumulated losses as at 1 April 2013, 31 March 2014 and 31 March 2015 and of its loss and cash flows for the years ended 31 March 2014 and 2015, the state of the Group's and the Company's affairs as at 1 April 2013, 31 March 2014 and 2015 and the related disclosures in the consolidated financial statements.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER IN RELATION TO THE PENDING LITIGATION

We draw attention to note 32 (i) to the consolidated financial statements, which states that during the year ended 31 March 2014, a litigation was brought against the Company as defendant for an alleged dishonoured cheque in the sum of HK$80,000,000 together with interest and costs. The litigation is still in progress and the Company's directors, based on legal advice, consider that the Company will prevail and will contest the proceedings vigorously. As a result, no liability has been recognised in these consolidated financial statements as at 31 March 2014 and 31 March 2015. Our opinion is not qualified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Paper Manufacturing Business

As detailed in the Company's announcement dated 27 January 2014 in relation to the non-cooperation of the management and accounting personnel of Jining Gangning Paper Company Limited ("Jining Gangning"), the Company has been unable to obtain the latest financial statements of Jining Gangning and does not foresee a significant progress will occur in the near future at the date of approval of this announcement.

As such, Jining Gangning and their respective holding companies namely Glory Smile Enterprises Limited and Mega Bright Investment Development Limited ("Mega Bright"), which form the Group's paper manufacturing operating segment, was deconsolidated from the Group's consolidated financial results.

In view of the loss making and net liabilities status of the paper manufacturing business, the Directors of the Company are of the view that the deconsolidation or the potential discontinuation of the paper manufacturing business do not have any material adverse impact to the Group.

Biodegradable Materials Manufacturing Business

The biodegradable materials manufacturing business of the Group has not commenced operations as planned and did not have any contribution to the group revenue for the year ended 31 March 2015 (2014: nil). There was severe problem of the liquidity of the two 60% owned subsidiaries of the Group, the Zhongshan Jiu He Bioplastics Company Limited (中山九禾生物塑料有限公司) ("Zhongshan Jiu He") and Dongguan Jiu He Bioplastics Company Limited (東莞九禾生物塑料有限公司) ("Dongguan Jiu He") (collectively the "PRC subsidiaries") due to the shortfall of capital injection as committed by the vendors of shares of the PRC subsidiaries.

The Company has commenced legal proceedings on 13 June 2013 against Mr. Leung Wa (梁華) ("Mr. Leung"), the vendor in the Company's acquisition of 100% equity interest in Ever Stable Holdings Limited ("Ever Stable"), which owned 60% equity interest in Dongguan Jiu He for breach of the acquisition agreement and the supplemental agreements. Please refer to "Other Significant Events" section.

During the year ended 31 March 2013, the Directors of the Company had been unable to obtain complete sets of books and records together with the supporting documents of the PRC subsidiaries due to (i) a number of key management staff of the PRC subsidiaries resigned in early 2013; and (ii) the non-controlling shareholders of the PRC subsidiaries were unwilling to cooperate before as well as after the financial year ended on 31 March 2013.

As such, the PRC Subsidiaries and their respective holding companies namely Fast Rise Development Limited, Ever Stable Holdings Limited and World Champion Investments Limited, which form the Group's biodegradable materials manufacturing segment, was deconsolidated from the Group's consolidated financial results.

Based on the above, the Board does not intend to continue the business operations of the PRC subsidiaries in the biodegradable materials manufacturing business.

General Trading Business

The general trading business started on the fourth quarter of 2013 and comprised the business of trading of other merchandise goods. For the year ended 31 March 2015, the Group's general trading business represents the wine and alcohol trading business and timber trading business.

— *Wine and alcohol trading business:*

  During the start-up stage of the wine and alcohol trading business of the Company, most of the current suppliers and distributors were introduced by the Company's executive director.

  For the year ended 31 March 2015, the wine and alcohol trading business reported revenue of approximately HK$19.72 million (2014: HK$25.70 million) and it accounted for approximately 56.96% (2014: 100%) of the Group's revenue for the year ended 31 March 2015.

  Despite the Group's efforts in seeking other suppliers and distributors so as to secure and extend the sources of wine and alcohol products and income stream, the Group had not been able to reach any agreements with any other distributors or suppliers and secure any new wine and alcohol trading businesses as at date of this announcement.

— *Timber trading business:*

  For the year ended 31 March 2015, the Group is also participating in timber trading business. It reported revenue of approximately HK$14.90 million and it accounted for approximately 43.04% of the Group's revenue for the year ended 31 March 2015.

  On 17 October 2014, Smart Dragon Trading Limited ("Smart Dragon"), the wholly owned subsidiary of the Company, entered into a cooperation agreement (the "Cooperation Agreement") with an independent third party (the "Supplier"), who has the right to fell, extract and harvest merchantable logs (the "Timber Logs") in Rennell Island Site (the "Site") for a period of 5 years ending on 24 July 2019, which sets out the framework upon which Smart Dragon and the Supplier will cooperate in various areas such as harvesting and marketing of the Timber Logs.

Pursuant to the Cooperation Agreement, Smart Dragon will be the exclusive marketing agent for the sale of all the Timber Logs harvested by the Supplier in the Site for a term of two years from the date of the first transaction. However, as at date of this announcement, the Group is still waiting for its first transaction. The infrastructure at the Site remained under-development due to some unexpected delay. The timing for the first transaction is still uncertain as at date of this announcement.

As details in the Company's announcement dated 24 November 2014, the Company was requested by the Stock Exchange to submit a resumption proposal to demonstrate that it has sufficient level of operations or assets as required by Rule 17.26 of the GEM Listing Rules by 5 May 2015.

Due to the short history and various undesirable factors of the trading business that may be difficult to satisfy the Listing Rules requirement in the short run, the Group has changed its strategy and put all its resources to look for potential acquisition targets that have viable and sustainable track records. As a result, no trading business was recorded in the fourth quarter of 2015.

FUTURE PLANS AND PROSPECTS

As mentioned in the "Business Review" section, it will be difficult for the Group to remain optimistic to it's existing trading business in the short run due to the various undesirable factors. In the coming year, the Group will place its emphasis on the completion of the conditional acquisition of 70% equity interest in Hong Kong Automobile Restoration Group Limited (the "Target Company"), so as to accelerate the transition of the Group to become an auto restoration services (comprising auto repair, maintenance and detailing services) group and create more fruitful value to our shareholders.

The Group adopted a conservative financial management and treasury policies, and will continue to apply such policies in the coming year. In view of the Group's current liquidity position, the Directors will consider raising funds to meet the Group's operational and investment needs in the foreseeable future, if appropriate.

The management of the Company has confidence to obtain benefit and profit after the completion of the conditional acquisition which is in the interest of the shareholders of the Company.

OTHER SIGNIFICANT EVENTS

During the year ended 31 March 2015, the Group was mainly engaged in the general trading business. The following is the major events incurred during the year ended 31 March 2015:

Pending Litigation in Hong Kong

(A) Alleged dishonored cheque

As mentioned in the Company's clarification announcements dated 22 April 2013 and 30 April 2013 respectively, the Company has received a writ of summons under HCA 648/2013 (the "Proceedings") issued on 19 April 2013 wherein an individual as plaintiff ("Plaintiff A") claims against the Company as defendant for an alleged dishonoured cheque (the "Cheque") dated 9 April 2013 in the sum of HK$80,000,000 together with interest and costs. The Cheque being the subject matter of the Proceedings apparently bears the signature of Mr. Wong Kam Leong ("Mr. Wong"), the ex-chairman of the Company alone, was issued without obtaining the authorisation or approval from the board of directors of the Company. The Company has lodged a report to the Police Department of Hong Kong for possible theft of the cheque and/or conspiracy to defraud.

Up to the date of announcement, the Proceedings are still in progress and the directors of the Company, based on legal advice, consider that the Company will prevail and will contest the Proceedings vigorously. As a result, no provision has been made in the consolidated financial statements as at 31 March 2015.

(B) Bankruptcy Petition against Mr. Leung Wa

As mentioned in the Company's announcement dated 13 June 2013, a writ of summons endorsed with a full statement of claim was issued by the High Court of The Hong Kong Special Administrative Region on application of Fast Rise Development Limited ("Fast Rise"), a wholly-owned subsidiary of the Company, as the 1st plaintiff and the Company as the 2nd plaintiff on 13 June 2013 claiming against Mr. Leung as defendant, the vendor in the Company's acquisition of 100% equity interest in Ever Stable, which in turn owns 60% equity interest in Dongguan Jiu He, for breach of the acquisition agreement and the subsequent supplemental agreements (the "Agreements").

The 1st plaintiff claimed against the defendant for (1) the sum of USD5,749,048 being the shortfall of capital injection for which the defendant is responsible under the Agreements, (2) the sum of HK$36,000,000 being the guaranteed profit for which the defendant is responsible under the Agreements, (3) interest, (4) costs and, (5) further or other relief. The 2nd plaintiff claimed against the Defendant for (1) the sum of USD1,027,512 being the advances made on behalf of the defendant to (partially) perform his obligation under the Agreements for injection of capital into Zhongshan Jiu He, (2) interest, (3) costs, (4) further or other relief.

On 9 August 2013, the High Court of the Hong Kong Special Administrative Region issued a final judgment in favour of Fast Rise and the Company as no notice of intention to defend having been given by Mr. Leung.

The Company has carried out certain background checks against Mr. Leung and is not aware that Mr. Leung has sufficient assets to repay the debt. Attempts have been made to effect personal service of a statutory demand in respect of the debt (the "Statutory Demand") upon Mr. Leung but Mr. Leung could not be located or was not presented at his last known address. Substituted service of the Statutory Demand was then effected by advertising a Notice of the Statutory Demand in Hong Kong Commercial Daily on 21 February 2014, under which the Defendant was given 21 days therefrom to satisfy or to set aside the same. As at 17 March 2014, the Statutory Demand has neither been complied with nor set aside in accordance with the Rules of the High Court of Hong Kong.

Pursuant to the fact that Mr. Leung failed to satisfy or set aside the Statutory Demand, and upon permission granted by the High Court of Hong Kong, the Company issued a Creditor's Bankruptcy Petition against Mr. Leung on 9 May 2014. The said Petition was scheduled to be heard on 9 July 2014 and was subsequently adjourned by the Court to 30 July 2014. At the adjourned hearing on 30 July 2014, the court granted a bankruptcy order against Mr. Leung. He was adjudged bankrupt by the Court and the Official Receiver was appointed the provisional trustee of the estate of Mr. Leung. The Company, being one of the unsecured creditors of Mr. Leung, is entitled to be informed of the progress by the Official Receiver and to distribution of any realized assets pari passu with all other unsecured creditors. Up to date of this announcement, no any distribution was being informed by the Official Receiver.

Pending Litigation in the PRC

(A) Alleged Litigation in Zhongshan

As mentioned in the Company's announcement dated 16 October 2014, 9 December 2014, 11 March 2015 and 15 April 2015, 民事起訴狀 ("Writ of Summons") was received from Zhongshan Intermediate People's Court (中山市中級人民法院) ("Zhongshan Court") in respect of a civil case where Mr. Chen Song Jian (陳崇健) (the"Plaintiff B") claimed against the Company as the first defendant and Mr. Wong Kam Leong ("Mr. Wong") as the second defendant in relation to outstanding loan amount of HK$21,000,000 with accrued interests, legal cost of RMB239,000 and court fees. The loan amount allegedly granted by the Plaintiff B to the Company and purportedly guaranteed by Mr. Wong under a loan agreement (the "Loan Agreement"). The Loan Agreement that was purportedly signed by Mr. Wong on behalf of the Company.

The hearing of the case took place at the Zhongshan Court on 6 April 2015. Both the Plaintiff B and Mr. Wong were absent from the hearing and the court has not yet reached any judgment.

Up to date of announcement, the litigation is still in progress and it is not possible to estimate the outcome of the litigation. The Company's directors consider that any amount of obligation in relation to this litigation cannot be measured with sufficient reliability and based on their investigation and legal opinion from PRC legal advisers, consider that the Company is not indebted to the Plaintiff B for the above sum claimed by the Plaintiff B in the Writ of Summons nor any amount under the Loan Agreement. As a result, no provision has been made in the consolidated financial statements for the year ended 31 March 2015.

(B) Alleged Litigation in Jinan

As mentioned in the Company's announcement dated 7 November 2014 and 15 April 2015, the Company received a writ of summons on 6 November 2014 from Jinan Intermediate People's Court (濟南市中級人民法院) ("Jinan Court") in respect of a civil case where under a PRC company, namely, Shandong Rongshihua Leasing Company Limited (山東融世華租賃有限公司) ("Plaintiff C") claimed against (i) Jining Gangning Paper Company Limited (濟寧港寧紙業有限公司) ("Jining Gangning") as the first defendant, which is a 51% owned PRC subsidiary of the Group and had been de-consolidated from the Group's consolidated financial statements as from 1 April 2013; (ii) the Company as the second defendant; (iii) Mega Bright Investment Development Limited ("Mega Bright"), which is an indirectly wholly-owned subsidiary of the Company and the holding company of Jining Gangning, as the third defendant; (iv) Jining Haoyuan Paper Co. Limited (濟寧昊源紙業有限公司), which is the 49% shareholder of Jining Ganning, as the fourth defendant; (v) Shandong Xinyuan Mine Equipment Group Limited (山東星源礦山設備集團有限公司) as the fifth defendant; and (vi) Mr. Li Jian (李健) who is the general manager of Jining Gangning as the sixth defendant for the total amount of RMB15.88 million which include unpaid rental payments of RMB1.97 million, remaining lease commitment of RMB13.78 million, and other costs of RMB0.13 million, (the "Total Claims") under a machinery leasing agreement (the "Leasing Agreement") allegedly signed between Plaintiff C as the lessor and Jining Gangning as the lessee on 16 April 2013.

A guarantee agreement (the "Alleged Guarantee Agreement") allegedly signed between the Plaintiff C and the Company and Mega Bright on 16 April 2013, which apparently bears the signature of Mr. Wong, the ex-chairman of the Company who had resigned with effect from 17 April 2013. Pursuant to the Alleged Guarantee Agreement, the Company and Mega Bright together acted as guarantors and were responsible to guarantee 51% of the liability under the Leasing Agreement. According to the Writ, the Plaintiff C claimed against the Company and Mega Bright for 51% of the Total Claims.

The first hearing took place on 8 April 2015 and the court had not yet reached any judgement.

As advised by the Company's PRC legal advisers, the potential maximum exposure and liability of the Company and Mega Bright in this case will be in the region of RMB8.1 million, being 51% of the amount claimed by Plaintiff C. The Company's directors, after seeking legal advices, considered that a provision of RMB8.1 million should be made. As a result, the Company has made a provision of HK$10,125,000 (equivalent to RMB8.1 million) for the case and no further provision has been provided. In addition, the Company's directors consider that any obligation of Mega Bright and Jining Gangning arising from this case or the Leasing Agreement and Alleged Guarantee Agreement should have no financial impact on the Group's consolidated financial statements for the year ended 31 March 2015 as Mega Bright and Jining Gangning were de-consolidated from the Group's consolidated financial statements as from 1 April 2013.

Others

(A) Lapse of placing of shares under general mandate

As mentioned in the Company's announcements dated 2 July 2014, 31 July 2014, 27 August 2014, 25 September 2014, 31 October 2014 and 28 November 2014, the Company entered into the placing agreement, supplemental placing agreement, second supplemental placing agreement, third supplemental placing agreement, fourth supplemental placing agreement and fifth supplemental placing agreement (collectively the "Placing Agreements") with the Placing Agent whereby the Company agreed to place, through the Placing Agent, on a fully underwritten basis, up to a maximum of 67,000,000 placing shares (the "Placing Shares") to not less than six places at a price of HK$0.46 per Placing Share. The 67,000,000 Placing Shares represented approximately (i) 4.56% of the issued share capital of the Company on 31 December 2014; and (ii) 4.36% of the issued share capital of the Company as enlarged by the issue of 67,000,000 Placing Shares. The aggregate nominal value of the Placing Shares was HK$670,000. The Placing Shares were issued under the general mandate. The estimated aggregate gross proceeds and net proceeds from the placing was approximately HK$30.8 million and HK$30.0 million respectively. As mentioned in the Company's announcement dated 27 February 2015, the 67,000,000 Placing shares was terminated on 27 February 2015 as the conditions referred to the Placing Agreement were not fulfilled on or before the long stop date (i.e. 27 February 2015).

(B) Alleged Litigation in Jining

As mentioned in the Company's announcements dated 10 and 27 January 2014, 18 February 2014, 14 March 2014, 15 April 2014, 7 May 2014, 25 August 2014 and 30 September 2014, on 9 January 2014, the Company received a writ of summon (the "Writ") from Jining Intermediate People's Court (濟寧市中級人民法院) (the "Jining Court") in respect of a civil case where the plaintiff ("Plaintiff D") claimed against the Company as first defendant, the Company's subsidiary, Mega Bright as the second defendant, Mr. Wong, the ex-chairman of the Company, as the third defendant and the Company's subsidiary, Jining Gangning Paper Company Limited (濟寧港寧紙業有限公司) ("Jining Gangning"), as the fourth defendant, in relation to a loan of approximately RMB40,883,000 allegedly granted by Plaintiff D to the Company and jointly and severally guaranteed by Mr. Wong, Mega Bright together with a pledge of its shareholding interest in Jining Gangning and Jining Gangning. The loan of approximately RMB40,883,000 allegedly arose under a loan agreement that was purportedly signed by Mr. Wong on behalf of the Company and Mega Bright for a total loan amount of approximately RMB73,037,000 (the "Loan Agreement"). At this stage, the Company cannot locate any written records of authorisation having been given by the Company or Mega Bright for Mr. Wong to execute the Loan Agreement. According to the Writ, the first hearing date of the case is scheduled to be 18 February 2014. The hearing was later adjourned to 8 May 2014 and was further adjourned to 26 September 2014.

On 8 April 2014, Jining Gangning attempted to deliver several alleged court documents, in relation to the above lawsuit which were supposed to be delivered to Mega Bright by the Jining Court, to the Company for the attention of the Board. The documents include, among others, (i) an order made by the Jining Court on 23 December 2013 that it has granted the application made by Plaintiff D to freeze RMB10,000,000 in the bank account of Mega Bright or seize an equivalent value of the assets of Mega Bright; (ii) a writ of summons to Mega Bright issued by the Jining Court on 24 February 2014 stating that the new date of the first hearing of the above lawsuit was set on 8 May 2014; and (iii) an order made by the Jining Court on 2 April 2014 that it has granted the application made by Plaintiff D to withdraw the claims made against Mr. Wong in the above lawsuit. The order referred to in (iii) above was also served by the Jining Court to the Company through the Company's PRC legal adviser on 8 April 2014. The Company was advised by its PRC legal adviser that the attempted delivery of the above documents made by Jining Gangning did not constitute a proper service in accordance with the relevant PRC laws.

The Company's directors, based on their investigation and legal opinion from the PRC legal advisers, consider that there is no proof that the Company is indebted to Plaintiff D for the above sum claimed by Plaintiff D in the Writ nor for any amount under the Loan Agreement.

As a result, no provision has been made in the consolidated financial statements for the years ended 31 March 2014. In addition, the Company's directors consider that any obligation of Mega Bright and Jining Gangning arising from this pending litigation or under the Loan Agreement should have no financial impact on the Group's consolidated financial statements for the years ended 31 March 2014 as Mega Bright and Jining Gangning were de-consolidated from the Group's consolidated financial statements as from 1 April 2013 (note 2(b)).

The hearing of legal proceedings took place at Jining Court on 26 September 2014. Owing to the absence of Plaintiff D at the hearing, Plaintiff D's claim in the proceedings was subsequently dismissed. As advised by the Company's PRC legal advisers in this proceeding, each of the Company, Mega Bright, Mr. Wong and Jining Gangning is not required to bear any liability under the proceedings. However, the Company's PRC legal advisers cannot rule out the possibility that Plaintiff D will take other legal action against the Company and the other relevant parties on the same case in future.

(C) Alleged litigations and arbitrations involving the de-consolidated subsidiaries

The Company's directors became aware from the litigation search results conducted by an independent third party search agent that there are certain alleged PRC litigations and arbitrations (collectively the "Legal Proceedings") involved the two de-consolidated subsidiaries named Zhongshan Jiu He Bioplastics Company Limited ("Zhongshan Jiu He") and Jining Gangning.

Save as the Legal Proceedings involved the de-consolidated subsidiaries as disclosed elsewhere in this announcement, certain details, amounts and development of the Legal Proceedings were not completely in the litigation search results due to the limited information available in public records. As advised by PRC legal adviser, the details and current status of the Legal Proceedings cannot be ascertained as the Group is not involved in the Legal Proceedings and the related subsidiaries have been de-consolidated from the Group due to the reason as mentioned in note 2(b) of this announcement.

As Zhongshan Jiu He and Jining Gangning were de-consolidated as from 1 April 2012 and 1 April 2013 respectively, the Company's directors considered that any obligation of Zhongshan Jiu He and Jining Gangning arising from the above matters should have no financial impact on the Group's consolidated financial statements for the year ended 31 March 2015.

FINANCIAL REVIEW

During the year under review, the Group revenue from continuing operations was approximately HK$34.62 million, representing an increase of approximately 34.71% as compared to last year (2014: HK$25.70 million). The increase in revenue was primarily attributable to the timber trading business which was set up during the year, which partially set off the decrease in revenue attributable to the trading of wine and alcohol business resulting from the management's gradual strategic repositioning on market strategy away from the trading of wine and alcohol business.

As compared to the same period of 2014, the gross margin has been improved from 3.44% to 7.85%. The overall increase in gross profit margin was mainly attributable to the timber trading business which was set up during the year and recorded higher gross profit margin than the wine and alcohol trading business.

Administrative expenses for the year ended 31 March 2015 increased to approximately HK$15.26 million (2014: HK$13.62 million) which was mainly due to the professional fee incurred for the conditional acquisition.

Finance costs mainly represent the interest on borrowings and interest charged on convertible bonds. The decrease in finance costs from HK$3.69 million to HK$0.23 million was mainly attributable to the full conversion of convertible bonds during the year ended 31 March 2014.

For the year under review, the Group recorded a loss attributable to owners of the Company of approximately HK$22.90 million as against a net loss of HK$37.03 million in 2014. The net loss was mainly due to a one-off provision for the potential maximum exposure in a pending litigation of HK$10.13 million and the operating loss of the Group for the year. The decrease in net loss was mainly due to timber trading business which was set up during the year and recorded higher gross profit margin than the wine and alcohol trading business and the one-off net loss arising from the de-consolidation of the paper manufacturing business segment in last year.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 March 2015, the Group's cash and bank balances, which were principally Hong Kong dollar denominated, amounted to approximately HK$1.97 million (2014: HK$3.48 million). The Group was not exposed to any substantial risk in fluctuations in foreign exchange rates. In general, the Group mainly receives its income in Hong Kong dollar and uses them to settle the costs of sale and operating expenses in Hong Kong. The Group has not entered into any financial instruments for hedging purpose.

As at 31 March 2015, the Group had (i) a 5% unsecured one-year short-term loan in a principal amount of HK$11.40 million due to a minority shareholder; and (ii) an unsecured interest-free loan in a principal amount of HK$4.00 million due to an executive Director. As at 31 March 2014, the Group had no any bank loans and borrowing.

As at 31 March 2015, the debt ratio, calculated as total liabilities over total assets of the Group was approximately 4.04 (2014: approximately 1.53).

During the year under review, the Group financed its operations primarily with internally generated cash flow, as well as the borrowing from a minority shareholder. On 22 October 2014, a loan facility of HK$15.00 million was granted to the Company by a minority shareholder of the Company, of which an amount of HK$11.4 million was utilized as at 31 March 2015. The loan was an unsecured, interest-bearing on 5% per annum and repayable within one year. Such loan facility has further expanded to HK$45.00 million on 28 April 2015 in order to finance the proposed acquisition.

The Group adopted a conservative financial management and treasury policies and will continue to apply such policies in the coming year. In view of the Group's current liquidity position, the Directors will consider raising funds to meet its operational and investment needs when it is necessary in the foreseeable future, if appropriate.

CHARGE OF GROUP'S ASSETS

As at 31 March 2015 and 31 March 2014, the Group's does not have assets being pledged to secure the liabilities of the Group.

FOREIGN CURRENCY EXPOSURE

The Group continues to adopt a conservative treasury policy with almost all deposits in Hong Kong dollars, keeping minimum exposure to foreign exchange risks. As the sales, purchase, expenditures, assets and liabilities are mainly denominated in Hong Kong dollar, 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

Pending litigations

(i) As mentioned in the Company's clarification announcements dated 22 April 2013 and 30 April 2013 respectively, the Company has received a writ of summons under HCA 648/2013 (the "Proceedings") issued on 19 April 2013 wherein an individual as plaintiff ("Plaintiff A") claimed against the Company as defendant for an alleged dishonoured cheque (the "Cheque") dated 9 April 2013 in the sum of HK$80,000,000 together with interest and costs. The Cheque, being the subject matter of the Proceedings and apparently bore the signature of Mr. Wong Kam Leong ("Mr. Wong"), the ex-chairman of the Company, was issued without obtaining the authorisation or approval from the board of directors of the Company. The Company has lodged a report to the Police Department of Hong Kong for possible theft of the Cheque and/or conspiracy to defraud.

Up to the date of announcement, the Proceedings are still in progress and the directors of the Company, based on legal advice, consider that the Company will prevail and will contest the Proceedings vigorously. As a result, no provision has been made in the consolidated financial statements as at 31 March 2014 and 2015.

(ii) According to Company's announcement dated 16 October 2014, 9 December 2014, 11 March 2015 and 15 April 2015, 民事起訴狀 ("Writ of Summons") was received from Zhongshan Intermediate People's Court (中山市中級人民法院) ("Zhongshan Court") in respect of a civil case where Mr. Chen Song Jian (陳崇健) ("Plaintiff B") claimed against the Company as the first defendant and Mr. Wong Kam Leong ("Mr. Wong") as the second defendant in relation to outstanding loan of HK$21,000,000 with accrued interests, legal cost of RMB239,000 and court fees. The loan amount allegedly granted by Plaintiff B to the Company and purportedly guaranteed by Mr. Wong under a loan agreement (the "Loan Agreement"). The Loan Agreement that was purportedly signed by Mr. Wong on behalf of the Company.

The hearing of the case took place at the Zhongshan Court on 6 April 2015. Both Plaintiff B and Mr. Wong were absent from the hearing and the court has not yet reached any judgment.

Up to date of announcement, the litigation is still in progress and it is not possible to estimate the outcome of the litigation. The Company's directors consider that any amount of obligation in relation to this litigation cannot be measured with sufficient reliability and based on their investigation and legal opinion from PRC legal advisers, consider that the Company is not indebted to Plaintiff B for the above sum claimed by Plaintiff B in the Writ of Summons nor any amount under the Loan Agreement. As a result, no provision has been made in the consolidated financial statements for the year ended 31 March 2015.

(iii) As mentioned in the Company's announcement dated 7 November 2014 and 15 April 2015, the Company received a writ of summons on 6 November 2014 from Jinan Intermediate People's Court (濟南市中級人民法院) ("Jinan Court") in respect of a civil case where under a PRC company, namely, Shandong Rongshihua Leasing Company Limited (山東融世華租賃有限公司) ("Plaintiff C") claimed against (i) Jining Gangning Paper Company Limited (濟寧港寧紙業有限公司) ("Jining Gangning") as the first defendant, which is a 51% owned PRC subsidiary of the Group and had been de-consolidated from the Group's consolidated financial statements as from 1 April 2013; (ii) the Company as the second defendant; (iii) Mega Bright Investment Development Limited ("Mega Bright"), which is an indirectly wholly-owned subsidiary of the Company and the holding company of Jining Gangning, as the third defendant; (iv) Jining Haoyuan Paper Co. Limited (濟寧昊源紙業有限公司), which is the 49% shareholder of Jining Ganning, as the fourth defendant; (v) Shandong Xinyuan Mine Equipment Group Limited (山東星源礦山設備集團有限公司) as the fifth defendant; and (vi) Mr. Li Jian (李健) who is the general manager of Jining Gangning as the sixth defendant for the total amount of RMB15.88 million which include unpaid rental payments of RMB1.97 million, remaining lease commitment of RMB13.78 million, and other costs of RMB0.13 million (the "Total Claims") under a machinery leasing agreement (the "Leasing Agreement") allegedly signed between Plaintiff C as the lessor and Jining Gangning as the lessee on 16 April 2013.

A guarantee agreement (the "Alleged Guarantee Agreement") allegedly signed between Plaintiff C and the Company and Mega Bright on 16 April 2013, which apparently bears the signature of Mr. Wong, the ex-chairman of the Company who had resigned with effect from 17 April 2013. Pursuant to the Alleged Guarantee Agreement, the Company and Mega Bright together acted as guarantors and were responsible to guarantee 51% of the liability under the Leasing Agreement. According to the Writ, Plaintiff C claimed against the Company and Mega Bright for 51% of the Total Claims.

The first hearing took place on 8 April 2015 and the court had not yet reached any judgement. As advised by the Company's PRC legal advisers, the potential maximum exposure and liability of the Company and Mega Bright in this case will be in the region of RMB8.1 million, being 51% of the amount claimed by Plaintiff C. The Company's directors, after seeking legal advices, considered that a provision of RMB8.1 million should be made. As a result, the Company has made a provision of HK$10,125,000 (equivalent to RMB8.1 million) for the case and no further provision has been provided. In addition, the Company's directors consider that any obligation of Mega Bright and Jining Gangning arising from this case or the Leasing Agreement and Alleged Guarantee Agreement should have no financial impact on the Group's consolidated financial statements for the years ended 31 March 2015 as Mega Bright and Jining Gangning were de-consolidated from the Group's consolidated financial statements as from 1 April 2013 (note 2(b)).

Alleged litigations and arbitrations involving the de-consolidated subsidiaries

The Company's directors became aware from the litigation search results conducted by an independent third party search agent that there were certain alleged PRC litigations and arbitrations (collectively the "Legal Proceedings") involving the two de-consolidated subsidiaries named Zhongshan Jiu He Bioplastics Company Limited ("Zhongshan Jiu He") and Jining Gangning.

Save as for the Legal Proceedings involving the de-consolidated subsidiaries as disclosed elsewhere in these financial statements, certain details, amounts and development of the Legal Proceedings were not complete in the litigation search results due to the limited information available in public records. As advised by PRC legal adviser, the details and current status of the Legal Proceedings cannot be ascertained as the Group is not involved in the Legal Proceedings and the related subsidiaries have been de-consolidated from the Group due to the reason as mentioned in note 2(b).

As Zhongshan Jiu He and Jining Gangning were de-consolidated as from 1 April 2012 and 1 April 2013 respectively, the Company's directors considered that any obligation of Zhongshan Jiu He and Jining Gangning arising from the above matters should have no financial impact on the Group's consolidated financial statements for the year ended 31 March 2015.

Litigations

As mentioned in the Company's announcements dated 10 and 27 January 2014, 18 February 2014, 14 March 2014, 15 April 2014, 7 May 2014, 25 August 2014 and 30 September 2014, on 9 January 2014, the Company received a writ of summon (the "Writ") from Jining Intermediate People's Court (濟寧市中級人民法院) (the "Jining Court") in respect of a civil case where the plaintiff ("Plaintiff D") claimed against the Company as first defendant, the Company's subsidiary, Mega Bright as the second defendant, Mr. Wong, the ex-chairman of the Company, as the third defendant and the Company's subsidiary, Jining Gangning Paper Company Limited (濟寧港寧紙業有限公司) ("Jining Gangning"), as the fourth defendant, in relation to a loan of approximately RMB40,883,000 allegedly granted by Plaintiff D to the Company and jointly and severally guaranteed by Mr. Wong, Mega Bright together with a pledge of its shareholding interest in Jining Gangning and Jining Gangning. The loan of approximately RMB40,883,000 allegedly arose under a loan agreement that was purportedly signed by Mr. Wong on behalf of the Company and Mega Bright for a total loan amount of approximately RMB73,037,000 (the "Loan Agreement"). At this stage, the Company cannot locate any written records of authorisation having been given by the Company or Mega Bright for Mr. Wong to execute the Loan Agreement. According to the Writ, the first hearing date of the case is scheduled to be 18 February 2014. The hearing was later adjourned to 8 May 2014 and was further adjourned to 26 September 2014.

On 8 April 2014, Jining Gangning attempted to deliver several alleged court documents, in relation to the above lawsuit which were supposed to be delivered to Mega Bright by the Jining Court, to the Company for the attention of the Board. The documents include, among others, (i) an order made by the Jining Court on 23 December 2013 that it has granted the application made by Plaintiff D to freeze RMB10,000,000 in the bank account of Mega Bright or seize an equivalent value of the assets of Mega Bright; (ii) a writ of summons to Mega Bright issued by the Jining Court on 24 February 2014 stating that the new date of the first hearing of the above lawsuit was set on 8 May 2014; and (iii) an order made by the Jining Court on 2 April 2014 that it has granted the application made by Plaintiff D to withdraw the claims made against Mr. Wong in the above lawsuit. The order referred to in (iii) above was also served by the Jining Court to the Company through the Company's PRC legal adviser on 8 April 2014. The Company was advised by its PRC legal adviser that the attempted delivery of the above documents made by Jining Gangning did not constitute a proper service in accordance with the relevant PRC laws.

The Company's directors, based on their investigation and legal opinion from the PRC legal advisers, consider that there is no proof that the Company is indebted to Plaintiff D for the above sum claimed by Plaintiff D in the Writ nor for any amount under the Loan Agreement.

As a result, no provision has been made in the consolidated financial statements for the years ended 31 March 2014. In addition, the Company's directors consider that any obligation of Mega Bright and Jining Gangning arising from this pending litigation or under the Loan Agreement should have no financial impact on the Group's consolidated financial statements for the years ended 31 March 2014 as Mega Bright and Jining Gangning were de-consolidated from the Group's consolidated financial statements as from 1 April 2013 (note 2(b)).

The hearing of legal proceedings took place at Jining Court on 26 September 2014. Owing to the absence of Plaintiff D at the hearing, Plaintiff D's claim in the proceedings was subsequently dismissed. As advised by the Company's PRC legal advisers in this proceeding, each of the Company, Mega Bright, Mr. Wong and Jining Gangning is not required to bear any liability under the proceedings. However, the Company's PRC legal advisers cannot rule out the possibility that Plaintiff D will take other legal action against the Company and the other relevant parties on the same case in future.

Financial guarantees issued

Jining Gangning has entered into cross guarantee agreements in respect of banking facilities granted to Jining Gangning, a customer and certain third parties. Under the cross guarantee arrangement, Jining Gangning had outstanding guarantees issued to the extent of approximately HK$50,366,000 as at 31 March 2013. Under such guarantee agreements, Jining Gangning and the counter parties are jointly and severally liable for all borrowings that each of them obtained from the banks for a period of one to two years.

As at 31 March 2013, the directors of the Company do not consider it probable that a claim will be made against Jining Gangning under any of the guarantees as the default risk is low. The maximum liability of Jining Gangning at 31 March 2013 is the outstanding amounts of the bank borrowings of the counter-parties under the cross guarantees of approximately HK$25,616,000.

The Group has not recognised any deferred income in respect of the cross guarantees as in the opinion of the directors, the fair values of the financial guarantee agreements at initial recognition are insignificant and their transaction prices were HK$Nil as at 31 March 2013. As at date of this announcement, the current status of the financial guarantee cannot be ascertained due to the limited information available to the Group.

As mentioned in note 2(b) to the announcement, Jining Gangning was de-consolidated as from 1 April 2013. The Company's directors consider that any obligation of Jining Gangning arising from the above financial guarantee agreements should have no financial impact on the Group's financial statements for the years ended 31 March 2014 and 31 March 2015.

EMPLOYEES

As at 31 March 2015, the Group had approximately 13 (2014: 13) employees in Hong Kong. The total remuneration to employees, including the executive Directors for the year under review, amounted to approximately HK$5.03 million (2014: HK$4.27 million). Employees in Hong Kong are entitled to provident fund contributions and medical insurance. The Group provides comprehensive on-the-job training 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 FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Company's announcement dated 17 June 2015 in relation to the proposed acquisition, the Group did not have other plans for material investments and capital assets as at 31 March 2015.

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 2015, 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 and underlying shares of the Company:

Name	Type of interest	Number of ordinary shares of the Company	Number of underlying shares of the Company	Total	Percentage of Shareholding
Directors					
Mr. Kaneko Hiroshi	Personal Interest	80,000,000	–	80,000,000	5.45%

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, as at 31 March 2015, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

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

As at 31 March 2015, the Company has not been notified that any shareholders, other than a director or chief executive of the Company, had any interests or short positions in the shares, underlying shares and debentures of the Company as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2015, 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.

CORPORATE GOVERNANCE

The Company is firmly committed to statutory and regulatory corporate governance standards and adheres to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 March 2015, the Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 15 of the GEM Listing Rules, save and except for the following deviations including considered reasons:

Code provision D.1.4

Code provision D.1.4 of the CG Code provides that the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.

Deviation

Mr. Kaneko Hiroshi ("Mr. Kaneko"), an executive Director, has not entered into any service contract with the Company. Mr. Kaneko is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the bye-laws of the Company.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and Code Provision C.3.3 of the Code. The Audit Committee currently consists of three independent non-executive Directors, namely, Mr. Wong Ka Shing, who has the appropriate accounting and financial related management expertise and serves as the chairman of the Audit Committee, Mr. Yau Paul, and Ms. Leung Shuk Lan. The audited consolidated results of the Group for the year ended 31 March 2015 have been reviewed by the Audit Committee.

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

Throughout the financial year ended 31 March 2015, 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 require standard such code of conduct and required standard of dealings and its code of conduct regarding Directors' securities transactions throughout the financial year ended 31 March 2015.

SUSPENSION OF TRADING OF SHARES

As at the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 1:23 p.m. on Tuesday, 3 December 2013 and will remain suspended until further notice.

On behalf of the Board
Mr. Kaneko Hiroshi
Chairman

Hong Kong, 26 June 2015

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Kaneko Hiroshi, Mr. Siu Chi Keung and Mr. Hui Ngai Hon, Edward; and three independent non-executive Directors, namely Mr. Yau Paul, Mr. Wong Ka Shing and Ms. Leung Shuk Lan.

This announcement will remain at www.hkgem.com on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its posting and on the Company website at www.long-success.com.