



WEALTH GLORY HOLDINGS LIMITED

富 譽 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8269

Annual **2011**
Report

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

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This report, for which the directors (the “Directors”) of Wealth Glory Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 report is accurate and complete in all material respects and not misleading or deceptive, and (2) there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms LEE Yau Lin, Jenny (*Chairman*)
Mr WONG Wing Fat (*Chief Executive Officer*)

Independent Non-executive Directors

Mr HO Wai Hung
Ms CHEUNG Kin, Jacqueline
Ms MAK Yun Chu

COMPANY SECRETARY

Mr WONG Chun

COMPLIANCE ADVISOR

Yuanta Securities (Hong Kong) Company Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS

Unit 4, 10th Floor
Lucky Commercial Centre
103 Des Voeux Road West
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman
KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
18th Floor, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai, Hong Kong

AUDITOR

RSM Nelson Wheeler, Certified Public Accountants

PRINCIPAL BANKERS

Citic Bank International Limited
Bank of China (Hong Kong) Limited
Luso International Banking Limited

LEGAL ADVISOR

David Chan & Carmen Chan, Solicitors

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Ordinary shares (Stock Code: 8269)

COMPANY WEBSITE

www.lmf noodle.com

CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the board of directors (the "Board") of Wealth Glory Holdings Limited (the "Company"), I am writing this statement with great pleasure for the first annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2011.

The year 2010/11 was of particular importance and a meaningful and eventful year for the Group. The encouraging results of the placing of shares upon its initial public offerings indicated the capital market's attention to the Company and the investors' confidence in our business. The successful listing of the shares of the Company on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14 October 2010 has strengthened the financial position of the Group which enables us to seize more business opportunities and to implement the business plans as stated in the Company's prospectus dated 30 September 2010 (the "Prospectus").

The listing of the Company's shares is an important strategic move for the Group, especially for the long-term development and expansion of the Group in achieving its business objectives and future goals. Along with the listing, we have enhanced public accountability, information transparency, and corporate governance which altogether would boost up the Group's reputation and recognitions by various stakeholders as a whole.

I am pleased to announce that the profit for the year ended 31 March 2011 was approximately HK\$25,020,000, representing a 45.5% growth compared to the corresponding previous year. A final dividend of HK1.5 cents per share has been recommended by the Board for your approval at the forthcoming shareholders' meeting. I am also pleased to share more on the Group's performance during the year in the parts of "Management Discussion and Analysis".

Taking this special opportunity, the Board and I wish to thank for your trust and investment into the Company during the year and also wish to express our sincere gratitude to our customers, suppliers, business partners and staff members for their continuous supports contributing the success of the Company. We shall persist our best effort in striving for maximizing our returns to the shareholders while contributing to social, environment and governance sectors as well.

LEE Yau Lin, Jenny

Chairman

Hong Kong, 27 June 2011

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in (i) the supply and sale of dried noodles including bowl noodles and packed noodles and (ii) the manufacture and sale of fresh noodles, including but not limited to hefen, wonton noodles and yi mein. The Group's dried noodles are mainly sold to overseas food product wholesalers engaged in trading and distribution of food products in Australia, Canada, Europe and South East Asia, and our Group's fresh noodles are mainly sold to restaurants, hotels and cafes located nearby our Group's production base in Shanghai, the People's Republic of China (the "PRC").

The Group's performance was fairly strong for the year ended 31 March 2011 compared to the corresponding previous year. Turnover for the principal markets which the Group sells to, i.e. Australia, Canada and South East Asia recorded increases of approximately HK\$3,605,000, HK\$2,195,000 and HK\$13,615,000 respectively. Overall turnover of the Group was increased by approximately 22.3% to approximately HK\$125,117,000 for the year ended 31 March 2011 as compared to the corresponding previous year.

Facing the volatile market and ever-shifting needs of customers, the Group's marketing team continued to visit the customers on a regular basis during the year to bring them the latest product designs and samples, attending tradeshow and setting up booths in the tradeshow and visiting exhibitions as well as through its internet website to promote its products with a view to fostering business relationships with its customers, capturing business opportunities with potential customers and obtaining the latest market information and trends of products. The concerted efforts of the team have brought fruitful returns to the Group. The resulting balanced and solid foundation has prepared well for the next phase of development and future market transitions.

Besides, in line with the Group's expansion plan in production capacity, the Group entered into an agreement with a supplier on 13 April 2011 pursuant to which the supplier will provide design, procure three production lines and their installation and carry out necessary inspection and certification in the production base of the Group in Shanghai, the PRC at the contract price of HK\$7,920,000. These production lines are for production of dried noodles and are similar to the existing production line for dried noodles of the Group. It is anticipated that the production lines shall be fully operational on or before 31 March 2012. Each of their total production capacity will be similar to the existing production line of dried noodles of the Group.

To strengthen the Group's financial position and its shareholder and capital bases while capturing the opportunity in raising further capital to pursue its business expansion strategy, the Company has conducted a top-up placing of 110,400,000 shares at a placing price of HK\$0.37 per share on 29 April 2011. Net proceeds of approximately HK\$40.4 million has been raised in this exercise among which HK\$10 million would be used as general working capital while the remaining would be used for acquiring businesses, assets or technologies to further enhance or improve the existing business operation of the Group and to complement the existing business objective and future plans of the Company when opportunities arise in future. The top-up placing was subsequently completed on 13 May 2011.

In April 2011, the Group set up its first overseas office in New Zealand. This overseas establishment would serve for managing customer relationship and soliciting prospective customers for the Group's products and be in line with the Group's ever-expansion plan.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overall performance

For the year ended 31 March 2011, the Group recorded turnover of approximately HK\$125,117,000, representing 22.3% increase from approximately HK\$102,300,000 in the corresponding previous year. This satisfactory results was mainly attributable to rising demand from our existing customers and our sales to new customers. In terms of geographical segments, sales to the Group's major markets, i.e. Australia, Canada and South East Asia were increased by approximately 14.0%, 13.0%, and 42.5% respectively.

The gross profit of the Group for the year ended 31 March 2011 increased to approximately HK\$37,543,000 as compared to approximately HK\$26,880,000 for the corresponding previous year. Gross profit margin increased to 30.0% for the year ended 31 March 2011 from 26.3% for the corresponding previous year. The improvement in gross profit margin was mainly attributed to the increasing sales volume for new products with higher gross profit margin that had been introduced in the fourth quarter of 2009.

The Group's selling expenses for the year ended 31 March 2011 were decreased to approximately HK\$2,260,000 compared to approximately HK\$3,726,000 for the corresponding previous year, a decrease of approximately 39.3%. The decrease was mainly attributed to decrease in the commission expenses paid to agents for referred customers to our Group.

The Group's administrative expenses for the year ended 31 March 2011 increased by approximately 55.6% to approximately HK\$8,232,000 compared to approximately HK\$5,289,000 for the corresponding previous year. The increase was mainly attributed to an increase in entertainment and travelling expenses to visit overseas customers, annual listing fee to the Stock Exchange, legal and professional fees and other administrative expenses.

The Group's other operating expenses for the year ended 31 March 2011 were increased to approximately HK\$2,091,000 compared to approximately HK\$476,000 in the corresponding previous year. The increase was mainly attributed to certain listing expenses borne by the Company during the year.

The Group's profit attributable to owners for the year ended 31 March 2011 was increased by approximately 45.5% to approximately HK\$25,020,000 compared to approximately HK\$17,194,000 for the corresponding previous year. The increase was mainly the result of an increase in the level of turnover and gross profit.

Liquidity, financial resources and capital structure

	2011 HK\$'000 (approx.)	2010 HK\$'000 (approx.)
Current assets	70,297	31,830
Current liabilities	10,458	10,789
Current ratio	6.7	3.0

The current ratio of the Group as at 31 March 2011 was 6.7 times compared with 3.0 times as at 31 March 2010 mainly resulting from internal generated resources and the net proceeds raised from the placing of the shares of the Company for initial listing on the GEM of the Stock Exchange on 14 October 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2011, the Group had bank and cash balances of approximately HK\$46,799,000 (2010: approximately HK\$14,826,000) and had no external borrowings.

As at 31 March 2011, the Group's gearing ratio represented by the total liabilities as a percentage of the Group's total assets amount to approximately 14.4% (2010: approximately 31.2%).

Significant Investment Held

As at 31 March 2011, there was no significant investment held by the Group (2010: Nil).

Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies

Other than in connection with the Group's Reorganisation on 24 September 2010 in preparation for the listing of the Company's shares on the GEM of the Stock Exchange, there was no material acquisition or disposal of subsidiaries and affiliated companies during the year.

Future Plans for Material Investments or Capital Assets and Expected Sources of Funding

Details of the Group's future plans for material investments or capital assets and their expected sources of funding have been stated in the paragraph headed "Business Objective" and "Reasons for the Placing and the Use of Proceeds" respectively under the section headed "Business Objective and Future Plans" in the Company's Prospectus.

Contingent Liabilities

As at 31 March 2011, the Group and the Company had no significant contingent liabilities (2010: Nil).

Charge on Assets

As at 31 March 2011, the Group did not have any charges on its assets (2010: Nil).

Lease and Contracted Commitments

Particulars of the lease and contracted commitments of the Group are set out in note 26 to the financial statements.

Save for the above commitment, as at 31 March 2011 and 2010, neither the Group nor the Company had any other significant commitments.

Foreign Exchange Exposure

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of respective group entities, such as United States dollars ("USD") and Renminbi mainly for the Group's sales and purchases. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS

Treasury Policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2011, the Group had 80 (2010: 85) employees, including the Directors. Total staff costs (including Directors' emoluments) were approximately HK\$4,469,000 for the year ended 31 March 2011 as compared to approximately HK\$3,143,000 for the year ended 31 March 2010. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. The Group also participates in a retirement benefit scheme for its staff in the PRC and a defined statutory mandatory provident fund scheme to its employees in Hong Kong. The Group has adopted a share option scheme of which the Board may, at its discretion, grant options to eligible participants of the share option scheme.

OUTLOOK

Despite the uncertainty of global economy, the Group is optimistic and sees enormous opportunities and challenges in the market. The Group believes expanding domestic sales of dried noodles in the PRC is a critical strategy to the future success of our Group and the Group will continue seeking opportunities in existing business to broaden the Group's customers base. A series of new development plans are being undergone with an aim to realising the synergetic effect to the Group.

Going forward in the next year, the Group will execute its development plans as scheduled and disclosed in the Prospectus.

The Group will continue to expand its production capacity by purchasing related computer software, installing and trial operating new additional production lines and expansion of its staff team for production.

Besides, we will expand the overseas markets by strengthening the current communication channels with existing customers and expanding the customer base by further exploring business opportunities with potential customers in existing markets and new markets based on the information gathered from government trade bureaus, the internet and business trips; enhancing the Group's corporate profile and participating in tradeshows; setting up and starting operation of new overseas sales offices; recruiting new staff for new overseas sales offices; and training of new sales and marketing staff.

The Group will also continue on marketing, brand building and new product development in the PRC.

We believe through capturing every opportunity and excelling our every effort in this dynamic environment, we will fully deserve achievement in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as stated in the Company's Prospectus with the Group's actual business progress for the period from the latest practicable date (as defined in the Prospectus) to 31 March 2011 is set out below:

	Business objectives	Actual operation progress up to 31 March 2011
Expansion of production capacity	Install one new dried noodle production line and the relevant machinery	Slight rescheduling and anticipate one new production line will fully operate before August 2011
	Trial operation of the new production line	Slight rescheduling and new production line will start trial run in July 2011
	Recruit 40 new staff for production department	Recruitment was being carried out
Expansion of overseas markets	Strengthen the communication channels with existing customers based on the findings in the previous evaluation through regularly sending new product information of our Group and making constant contact with customers to understand their needs and preferences	Regular email contacts and visits were arranged by the sales team to strengthen the networking with existing customers. The directors have also arranged personal meeting with a number of existing customers
	Expand the customer base by further exploring business opportunities with potential customers in existing markets and new market based on the information gathered from Hong Kong Trade and Development Centre and the internet	Several business trips to visit new customers in existing markets such as Australia, Canada and South East Asia were arranged throughout the period
	Decide the locations of the overseas sales offices and recruit the relevant sales and marketing staff	The first sales office in New Zealand is being set up and sales trips to Australia, Canada and South East Asia were arranged during the period to identify locations of sales offices and analysis on the market demand of the selected locations were being carried out

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS (CONT'D)

	Business objectives	Actual operation progress up to 31 March 2011
	Evaluate and update our Group's website	The Group's website was updated regularly with the latest product information and latest news regarding the Group's business development
Marketing and brand building in the PRC	Strengthen the communication channels with existing customers based on the findings in the previous evaluation through regularly sending new product information of our Group and making frequent contact with customers to understand their needs and preferences	Regular email contacts and visits were arranged by the sales team to strengthen the networking with existing customers and potential customers in the PRC
	Expand the customer base by further exploring business opportunities with potential customers in existing markets	Several trips to visit new customers in the PRC such as Guangzhou, Beijing and Suzhou were arranged throughout the period
	Negotiate with the relevant advertising companies in relation to the advertising events	Various quotations from advertising companies have been obtained
	Update the marketing materials including poster, brochure and leaflet	The Group's marketing materials were updated regularly with latest product information
	Recruit three new staff for marketing team	Two staffs for sales and marketing were recruited

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS (CONT'D)

	Business objectives	Actual operation progress up to 31 March 2011
Product development	<p>Evaluate the taste, ingredient, and appearance and packaging of our Group's existing products</p> <p>Recruit new staff for the research and development team</p> <p>Launch trial products such as improved/new taste, ingredient and appearance to customers and review customers' demand and preference</p> <p>Update the regulatory requirements in PRC regarding the quality of noodle products and improve accordingly if there is any amendments</p> <p>Introduce not less than 10 new products to the market and continuously improve the quality of existing products</p>	<p>A review of taste, ingredient, and appearance and packaging of our existing products was conducted</p> <p>Staff for the research and development team were recruited</p> <p>New taste and ingredient were launched and introduced to the customers. The response from the customers was generally favourable</p> <p>The regulatory requirements in PRC regarding the quality of noodle products were reviewed regularly</p> <p>10 new products were developed and introduced to the market and the Group continuously improves the quality and taste of existing products</p>

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The business objectives and planned use of proceeds as stated in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied in accordance with the actual development of the market. During the period from the listing date on 14 October 2010 (the "Listing Date") to 31 March 2011, the net proceeds from issuance of new shares of the Company had been applied as follows:

Date of fund raising activity	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds and the intended use of any amount not yet utilised
14 October 2010	Initial public offering by way of placing	Approximately HK\$19.8 million	<p>(i) approximately 48.0% of the net proceeds, or approximately HK\$9.5 million, for the expansion of the Group's production capacity of dried noodles;</p> <p>(ii) approximately 15.2% of the net proceeds, or approximately HK\$3.0 million, for the expansion of the overseas markets;</p> <p>(iii) approximately 20.2% of the net proceeds, or approximately HK\$4.0 million, for marketing and brand building in the PRC;</p>	<p>(i) approximately HK\$7.9 million will be used for the expansion of production capacity, details of which are set out in the announcement of the Company dated 13 April 2011 and the remaining will be utilized as intended</p> <p>(ii) will be used as intended</p> <p>(iii) partially used as intended, approximately HK\$0.7 million has been used for the marketing and promotion activities, and the remaining will be utilized as intended</p>

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS (CONT'D)

Date of fund raising activity	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds and the intended use of any amount not yet utilised
			(iv) approximately 10.1% of the net proceeds, or approximately HK\$2.0 million, for product development; and	(iv) partially used as intended, approximately HK\$0.4 million has been used for the development of new products, and the remaining will be utilized as intended
			(v) approximately 6.5% of the net proceeds, or approximately HK\$1.3 million for working capital of the Group.	(v) used as intended

Actual application of the net proceeds was lower as compared to the planned application due to the reasons as explained under “Comparison of Business Objectives with Actual Business Progress” section above.

DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES

EXECUTIVE DIRECTORS

Ms LEE Yau Lin, Jenny, aged 56, was appointed as an Executive Director in September 2010 and is the Chairman of the Board. She is a co-founder of the Group and is responsible for managing the daily operation of the Group's subsidiaries and overseeing customer servicing and administration functions. Ms Lee has over 20 years of experience in sales and marketing in various industries.

Mr WONG Wing Fat, aged 52, was appointed as an Executive Director and Chief Executive Officer in September 2010. As a co-founder of the Group, Mr Wong is responsible for formulating the Group's business strategies, supervising and managing the Group's business development and operation. He obtained a Certificate in Professional Cookery in Hong Kong & Kowloon Restaurant & Cafe Workers General Union Vocational (Day Evening) School. Mr Wong has over 30 years of experience in the noodle industries in Hong Kong and overseas.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr HO Wai Hung, aged 53, was appointed as an Independent Non-executive Director in September 2010. Mr Ho obtained a Non-UK Intermediate Certificate in Food Safety in The Royal Institute of Public Health in Dubai, an Intermediate Certificate in Hazard Analysis in Chartered Institute of Environmental Health in United Kingdom, and a Certificate in Food Hygiene and Safety in The Royal Institute of Public Health and Hygiene in United Kingdom. He has been the chief operation manager of Royal China Group (Shanghai) since 2003 and is primarily responsible for formulating and implementing business strategy to exploit new markets. He also has experience in the London's catering industry as a senior sous chef to supervise the operation of restaurants and monitor its compliance with HACCP requirements.

Ms CHEUNG Kin, Jacqueline, aged 38, was appointed as an Independent Non-executive Director in September 2010. She obtained a Bachelor's Degree in Business and a Master's Degree in Business Administration (Executive) from Australia. Ms Cheung is a Certified Public Accountant in Hong Kong and Australia. She has over 10 years of working experience in accounting and auditing. Ms Cheung is currently a financial controller of one of the largest private corporation in the sports and leisure industry in Asia responsible for managing the accounting, finance and company secretarial team in Hong Kong.

Ms MAK Yun Chu, aged 53, was appointed as an Independent Non-executive Director in September 2010. Ms Mak obtained an Endorsement Certificate in Accountancy in Hong Kong Polytechnic University. Ms Mak is a fellow of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. She has over 10 years of working experience in accounting and administration. Ms Mak is also an independent non-executive director of Heng Tai Consumables Group Limited (stock code: 197), a company listed on the Main Board of the Stock Exchange of Hong Kong Limited.

DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES

SENIOR MANAGEMENT

Mr WONG Chun, aged 38, is the company secretary and financial controller of the Company and is responsible for the Group's financial planning and management, company secretarial and corporate governance matters. He joined the Group in January 2010. He is a member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He has over 15 years of experience in auditing and accounting field. Prior to joining the Group, Mr Wong had also been a financial controller responsible for supervising, managing the financial operations of a company engaged in trading of fresh food products and provision of logistic services.

Mr LI Shangang, aged 57, is the general manager of a subsidiary of the Company responsible for managing its day-to-day operation in Shanghai. He joined the Group in 2006. Mr Li graduated from Shanghai College of Science and Technology (“上海市業餘科技學院”) with a Bachelor's Degree in Mechanical Design. He has over 8 years of experience in factory management. Prior to joining the Group, Mr Li served as a manager in the engineering department of a food manufacturer and the head of a factory of a food manufacturer in the PRC for 15 years.

Mr QIN Guokai, aged 32, is the head of the quality control department of a subsidiary of the Company responsible for quality control of the Group's products. He joined the Group in 2009. He obtained a Bachelor's Degree in Food Science and Engineering in Nanchang University and a certificate by the Quality and Technical Supervision Bureau of the PRC (質量技術監督局). Mr Qin also passed the examination on the Microbiological Inspection Training (微生物檢驗專業培訓) in the Songjiang Inspection Institute of Hygiene (松江區衛生檢驗檢測所). Prior to joining the Group, Mr Qin served as the quality controller and the head of the quality control department in two food manufacturers located in the PRC for 6 years.

Mr LAU Yan Chuen, aged 40, is the sales and marketing manager of a subsidiary of the Company responsible for overseeing the sales and marketing functions, conducting researches as well as implementing the Group's marketing promotions and campaigns. He joined the Group in January 2010. Mr Lau obtained a Bachelor's Degree in Business Studies from the City University of Hong Kong. Prior to joining the Group, he worked in various trading companies as management. Mr Lau has over 12 years of experience in the food and beverage industries including marketing and sales of instant noodles and frozen foods.

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of the Group for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in (i) the supply and sale of dried noodles including bowl noodles and packed noodles and (ii) the manufacture and sale of fresh noodles, including but not limited to hefen, wonton noodles and yi mein.

RESULTS AND FINANCIAL POSITION

The Group's results for the year are set out in the consolidated income statement on page 38.

The state of affairs of the Group at 31 March 2011 are set out in the statement of financial position on page 40.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 21 to the financial statements.

RESERVES

The movements in the reserves of the Group during the year are set out in the consolidated statement of comprehensive income and the consolidated statement of changes in equity of this annual report.

DIVIDENDS

The Board of Directors recommends the payment of a final dividend of HK1.5 cents (2010: Nil) per share in respect of the year ended 31 March 2011 to shareholders whose names appear on the register of members on 15 September 2011. The main and branch registers of members of the Company will be closed on 13 September 2011 to 15 September 2011 (both days inclusive) in order to determine the eligibility for dividend entitlement. Shareholders should ensure that transfers are lodged with the Company's branch share registrar in Hong Kong for registration no later than 4:00 p.m. on 12 September 2011. This proposed dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

FIXED ASSETS

Details of movements in the fixed assets of the Group are set out in note 15 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2011, the Company's reserves available for distribution to shareholders comprising share premium account and retained earnings amounted to approximately HK\$35,476,000 (2010: Nil). Under the Companies Law of the Cayman Islands, the share premium account of the Company of approximately HK\$20,092,000 as at 31 March 2011 is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

DIRECTORS

The Directors of the Company who held office during the year and up to the date of this report were:

Executive Directors

Ms LEE Yau Lin, Jenny (*Chairman*) (*appointed on 26 September 2010*)

Mr WONG Wing Fat (*Chief Executive Officer*) (*appointed on 26 September 2010*)

Independent Non-executive Directors

Mr HO Wai Hung (*appointed on 26 September 2010*)

Ms CHEUNG Kin, Jacqueline (*appointed on 26 September 2010*)

Ms MAK Yun Chu (*appointed on 26 September 2010*)

In accordance with Article 83(3) of the Company's Articles of Association, all Directors shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Biographical details of the Directors and senior management currently in service are set out on pages 13 to 14 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than three months' notice in writing served by either party on the other.

The Independent Non-executive Directors have been appointed for a term of three years in accordance with their respective appointment letters.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

As at 31 March 2011, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:-

(i) Aggregate long positions in Shares

Name of Director	Capacity of interests	Number of shares in interest	Approximate percentage of interest in shares
Ms LEE Yau Lin, Jenny ("Ms Lee") (Note 1)	Interest in controlled corporation	306,880,000	55.59%
Mr WONG Wing Fat ("Mr Wong") (Note 2)	Interest in controlled corporation	35,840,000	6.49%

Notes:

1. Ms Lee is the beneficial owner of 100% of the issued share capital of Conrich Investments Limited ("Conrich"). Ms Lee is deemed to be interested in, and duplicated the interests of, the 306,880,000 shares held by Conrich under section 316(2) of the SFO.
2. Mr Wong is the beneficial owner of 100% of the issued share capital of Fastray Investments Limited ("Fastray"). Mr Wong is deemed to be interested in, and duplicated the interests of, the 35,840,000 shares held by Fastray under section 316(2) of the SFO.

(ii) Aggregate long positions in associated corporation

Name of Director	Name of associated corporation	Number of shares in interest in the associated corporation	Approximate percentage of interest in share of the associated corporation
Ms Lee	Conrich (Note)	1	100%

Note: Conrich is the holding company of the Company holding about 55.59% of the issued share capital of the Company, and is deemed to be an associated corporation of the Company pursuant to the SFO.

Save as disclosed above, as at 31 March 2011, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2011, the interests or short positions of every person, other than a Director or chief executive of the Company, in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Aggregate long positions in Shares

Name of shareholder	Capacity of interests	Number of shares in interest	Approximate percentage of interest in shares
Conrich (Note 1)	Beneficial Owner	306,880,000	55.59%
Mr LEUNG Kai Tong, Tommy (Note 2)	Family Interest	306,880,000	55.59%
Fastray (Note 3)	Beneficial Owner	35,840,000	6.49%
Ms FU Ching Man (Note 4)	Family Interest	35,840,000	6.49%

Notes:

1. Conrich is an investment holding company incorporated in the British Virgin Islands on 5 January 2010 with limited liability, the entire issued share capital of which is wholly and beneficially owned by Ms Lee.
2. Mr LEUNG Kai Tong, Tommy is the spouse of Ms Lee and is deemed to be interested in, and duplicated the interests of, all the shares she is interested under Section 316(1) of the SFO.
3. Fastray is an investment holding company incorporated in the British Virgin Islands on 5 January 2010 with limited liability, the entire issued share capital of which is wholly and beneficially owned by Mr Wong.
4. Ms FU Ching Man is the spouse of Mr Wong and is deemed to be interested in, and duplicated the interests of, all the shares he is interested under Section 316(1) of the SFO.

Save as disclosed above, as at 31 March 2011, no other person had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' REPORT

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' Interests In Shares" above, at no time during the reporting period were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were there any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

SHARE OPTION SCHEME

The Company has approved and adopted a pre-IPO share option scheme (the "Scheme") by written resolutions of all the shareholders on 26 September 2010. The following is a summary of the principal terms of the Scheme:-

1. The purpose of the Scheme is to attract, retain and reward eligible persons by providing an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group.
2. The participants of the Scheme include any directors and employees (whether full time or part time) of the Group; any consultants or advisors of the Group or any invested entity; any provider of goods and/or services to the Group or any invested entity; any customer of the Group or any invested entity; any holder of securities issued by any member of the Group or any invested entity; any other person, who at the sole discretion of the Board, has contributed to the Group.
3. The total number of securities available for issue under the Scheme is 44,800,000 which represent 6.76% of the existing issued share capital as at the date of the annual report.
4. The maximum entitlement of each participant under the Scheme in any twelve-month period must not exceed 1% of the issued share capital of the Company unless obtained shareholder's approval.
5. The period within which the shares must be taken up under an option shall be notified by the Board which the Board may in its absolute discretion determine such that such period shall not be more than 10 years from the date of acceptance of an offer.
6. The minimum period for which an option must be held before it can be exercised is determined by the Board at its sole discretion. There may or may not be such minimum periods for respective options.
7. The amount payable on application or acceptance of an option shall be a nominal amount to be determined by the Board and the period which payments or calls must or may be made shall be a date not later than 10 business days after the offer date.

DIRECTORS' REPORT

8. The basis of determining the exercise price shall, subject to any adjustments made pursuant to the terms of the Scheme, be a price determined by the Board and at least the highest of: (i) the closing price per share of the Company as stated in the Stock Exchange's daily quotation sheet on the offer date; (ii) the average of the closing prices per share of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; or (iii) the nominal value of the share.
9. The life of the Scheme shall be valid and effective for a period of ten years commencing from the date of adoption (i.e. 26 September 2010) or the date on which the Scheme is terminated by resolution in general meeting.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURE

At no time during the year was the Company, its subsidiaries or its ultimate holding company or any subsidiary of such ultimate holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No Director of the Company had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the year.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules.

The Company considers all of the Independent Non-executive Directors are independent.

CONNECTED TRANSACTIONS

The Directors are not aware of any connected transactions of the Group that shall be disclosed in this annual report under the GEM Listing Rules.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this report, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

DIRECTORS' REPORT

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors of the Company, as at the latest practicable date prior to the issue of this annual report, there is sufficient public float in the issued share capital of the Company pursuant to the GEM Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's five largest customers accounted for approximately 39.5% of the Group's revenue and the largest customer included therein accounted for approximately 8.3% of the Group's revenue.

During the year, the Group's five largest suppliers accounted for approximately 97.1% of the Group's purchases and the largest supplier included therein accounted for approximately 64.9% of the Group's purchases.

At all times during the year, none of the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) had an interest in any of the Group's five largest customers and suppliers.

BANK LOANS AND OTHER BORROWINGS

The Group did not have any outstanding bank loans and other borrowings as at 31 March 2011 (2010: Nil).

INTEREST CAPITALISED

No interest was capitalised by the Group during the year.

RETIREMENT SCHEMES

Particulars of the retirement schemes are set out in note 4(n)(ii) to the financial statements.

GROUP FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last three financial years is set out on page 69 of this annual report.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 29 to the financial statements.

DIRECTORS' REPORT

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

Save for the placing of the Company's new shares as disclosed in note 21(d) to the financial statements, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Yuanta Securities (Hong Kong) Company Limited ("Yuanta"), the compliance adviser of the Company, neither Yuanta nor its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 March 2011. Pursuant to the agreement dated 30 September 2010 entered into between Yuanta and the Company, Yuanta received and will receive fees for acting as the compliance adviser of the Company.

CORPORATE GOVERNANCE

A report on the principal corporate governance practice adopted by the Company is set out in pages 23 to 35 of this annual report.

EVENT AFTER THE REPORTING PERIOD

Those events after the reporting period are set out in note 28 to the financial statements.

INDEPENDENT AUDITOR

The financial statements for the year ended 31 March 2011 have been audited by RSM Nelson Wheeler, the external auditor of the Company. A resolution for the re-appointment of RSM Nelson Wheeler as the independent auditor of the Company is to be proposed at the forthcoming annual general meeting.

REVIEW OF ANNUAL REPORT

This annual report for the year ended 31 March 2011 has been reviewed by the Audit Committee of the Company, which was of the opinion that the information contained therein had complied with the disclosure requirements of the GEM Listing Rules, and that adequate disclosures had been made.

By order of the Board

LEE Yau Lin, Jenny

Chairman

Hong Kong, 27 June 2011

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 March 2011.

ENHANCED CORPORATE GOVERNANCE STANDARDS

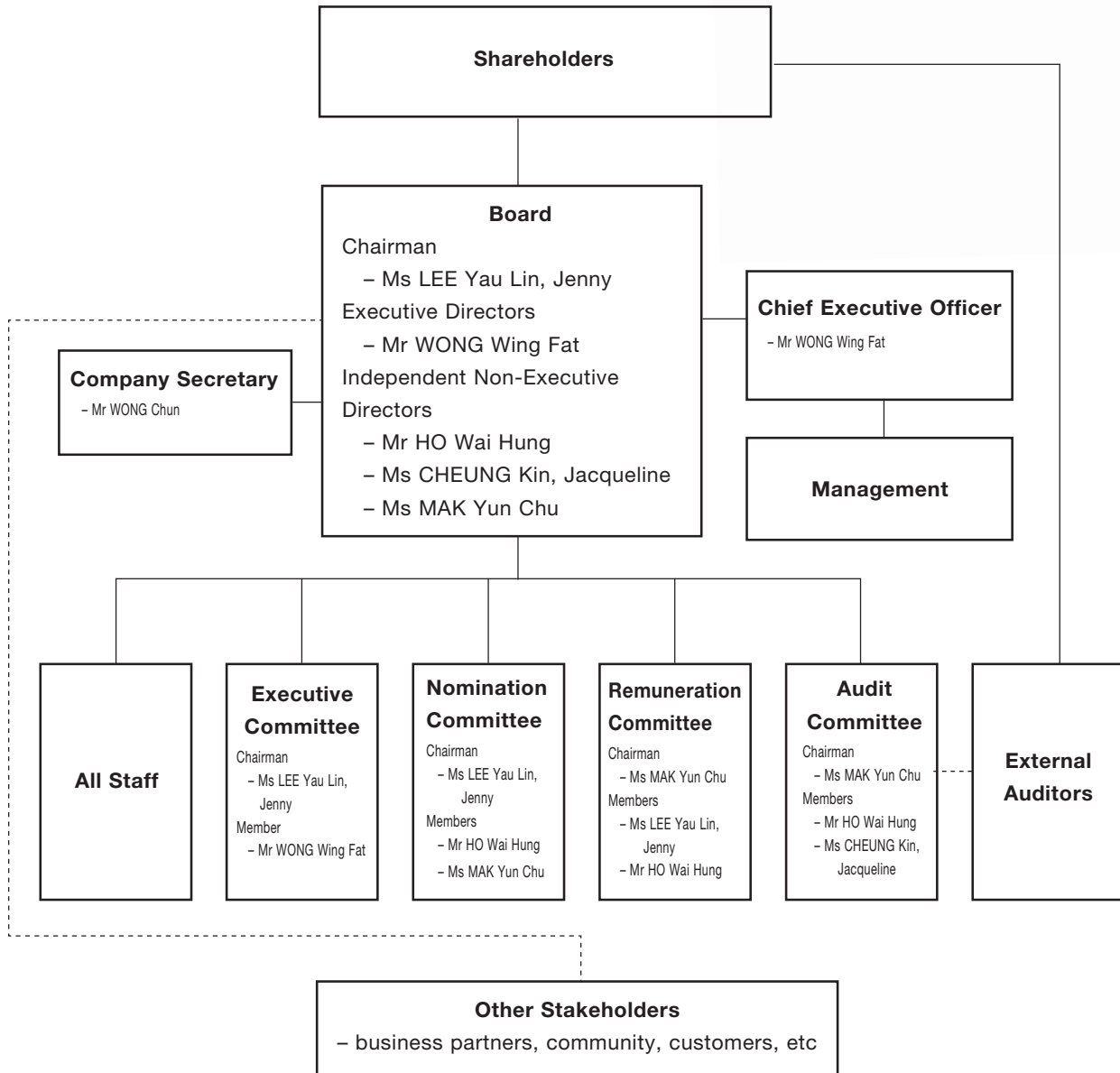
During the year ended 31 March 2011 and up to the date of publication of this annual report, the Company has undertaken the following highlighted measures to improve its corporate governance standards:-

- (a) Reviewed the overall corporate governance practices of the Company in September 2010 and June 2011;
- (b) Formed the Audit Committee, the Remuneration Committee and the Nomination Committee in September 2010 and the Executive Committee in February 2011; and
- (c) Adopted the following guidelines and codes from September 2010 onwards:-
 - Guideline on Anti-Money Laundering Control;
 - Guideline on Division of Roles of Chairman and Chief Executive Officer;
 - Guideline on Division of Roles of the Board and the Management;
 - Guideline on Directors' Nomination, Appointment and Re-appointment;
 - Model Code of Securities Dealings by Directors and Relevant Employees of the Company; and
 - Guideline on Independent Professional Advice.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FRAMEWORK

As at 27 June 2011



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the important role of its Board in providing effective leadership and direction to the Group's business, and ensuring transparency and accountability of the Company's operations. The Board has set out appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company has applied the principles and code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 to the GEM Listing Rules.

In the opinion of the Board, the Company has complied with the code provisions set out in the CG Code. Key corporate governance principles and practices of the Company are summarized below.

A. THE BOARD

A.1 Responsibilities and Delegation

The overall management and control of the Company's business are vested in its Board. The Board is responsible for establishing policies, strategies and plans, providing leadership in creating value and overseeing the Company's financial performance on behalf of the shareholders. All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its shareholders at all times.

A.1.1 *Matters Reserved by the Board*

The Board reserves for its decisions major strategic and business matters, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, Board composition and remuneration, corporate governance matter, and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary and the senior management, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each director is able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon making reasonable request to the Board.

A.1.2 *Division of Roles of the Board and the Management*

The Board has adopted a guideline on "Division of Roles of the Board and the Management" setting out certain matters reserved to be decided by the Board. The Board has delegated a schedule of responsibilities to the Chief Executive Officer and senior management of the Company. These responsibilities include, but not limited to, implementing decisions of the Board and directing and co-ordinating day-to-day operation and management of the Company.

The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the foregoing officers and senior management.

CORPORATE GOVERNANCE REPORT

A.2 Board Composition

The Board currently comprises the following directors:-

Executive Directors:

Ms LEE Yau Lin, Jenny (*Chairman of the Board, the Executive Committee and the Nomination Committee*)

Mr WONG Wing Fat (*Chief Executive Officer*)

Independent Non-executive Directors:

Mr HO Wai Hung

Ms CHEUNG Kin, Jacqueline

Ms MAK Yun Chu (*Chairman of the Audit Committee and the Remuneration Committee*)

The list of all Directors (by category) is set out under the section headed “Corporate Information” in this annual report and is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules from time to time. The Independent Non-executive Directors are expressly identified in all corporate communications of the Company. The biographical details of the Directors of the Company are set out under the section headed “Directors and Senior Management Biographies” in this annual report.

During the period from 14 October 2010 (the listing date) to 31 March 2011, the Board has at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors with at least one of them possessing appropriate professional qualifications and accounting and related financial management expertise as required under the GEM Listing Rules. The Company has also adopted the recommended best practice under the CG Code of having at least one-third of its Board members being independent non-executive directors.

The Board is committed to maintaining a balanced composition in terms of its diversity, independence and relationship. The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgment. Each Executive Director supervises specific areas of the Group’s business in accordance with his/her expertise. The Independent Non-executive Directors bring different business and financial expertise, experiences and independent judgment to the Board and they are invited to serve on the Board committees of the Company. Through participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests and/or serving on Board committees, the Independent Non-executive Directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

A.2.1 *Independency*

The Company has received a written annual confirmation from each Independent Non-executive Director of his/her independence pursuant to the requirements of the GEM Listing Rules. The Company considers all Independent Non-executive Directors to be independent in accordance with the independence guidelines set out in the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

A.2.2 Relationships

None of the members of the Board is related to one another in terms of financial, business, family or other material/relevant relationship(s).

A.3 Chairman and Chief Executive Officer

The Board has also adopted a guideline on “Division of Roles of Chairman and Chief Executive Officer”. The roles and duties of the Chairman and the Chief Executive Officer of the Company are carried out by different individuals.

The Chairman of the Board is Ms LEE Yau Lin, Jenny, who provides leadership for the Board and ensures its effectiveness in all aspects. With the support of the senior management, the Chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at the Board meetings.

The Chief Executive Officer is Mr WONG Wing Fat, who is in charge of the Company’s day-to-day management and operations and focuses on implementing objectives, policies and strategies approved and delegated by the Board.

A.4 Appointment and Re-Election of Directors

Each of the Executive Directors of the Company has entered into a service agreement with the Company for a term of three years. The Company has also issued a letter of appointment to each of the Independent Non-executive Directors for a term of three years.

In accordance with the Company’s Articles of Association, all the directors are subject to retirement by rotation at least once every three years and are eligible for re-election at annual general meetings of the Company. Any new director appointed by the Board to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting and any new director appointed by the Board as an addition to the existing Board shall submit himself/herself for re-election by shareholders at the next following annual general meeting.

Pursuant to the aforesaid provisions of the Articles of Association, all Directors of the Company shall retire at the forthcoming 2011 annual general meeting of the Company and, being eligible, will offer themselves for re-election at the meeting. The Company’s circular for the coming annual general meeting will contain detailed information of all retiring Directors pursuant to the GEM Listing Rules.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company’s Articles of Association. The Company has established a Nomination Committee, which is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors. Details of the Nomination Committee and its work performed are set out in the “Board Committees” section below.

CORPORATE GOVERNANCE REPORT

A.5 Training and Continuing Development for Directors

All Directors of the Company received induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors will be arranged where necessary.

A.6 Board Meetings

A.6.1 Board Practices and Conduct of Meetings

The Board members meet regularly and at least 4 times a year at approximately quarterly intervals to discuss business development as well as the overall strategy of the Company. Schedules for regular Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given for a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all Directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting to provide them with materials relating to the transactions to be discussed in the meeting in order to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Chairman, the Chief Executive Officer and other relevant senior management normally attend regular Board meetings and, where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board and committee meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

CORPORATE GOVERNANCE REPORT

A.6.2 Directors' Attendance Records

The Board meets regularly for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

Three Board meetings, two Audit Committee meetings and one Nomination Committee meeting were held during the financial year ended 31 March 2011. The composition of the Board and attendance of the Directors are set out below:

Name	Board Meetings (attendance/ total no. of meetings held)	Audit Committee Meetings (attendance/ total no. of meetings held)	Nomination Committee Meeting (attendance/ total no. of meetings held)
Executive Directors:			
Ms LEE Yau Lin, Jenny	3/3	N/A	1/1
Mr WONG Wing Fat	3/3	N/A	N/A
Independent Non-executive Directors:			
Mr HO Wai Hung	3/3	2/2	1/1
Ms MAK Yun Chu	3/3	2/2	1/1
Ms CHEUNG Kin, Jacqueline	3/3	2/2	N/A

A.7 Required Standard of Dealings

The Company has adopted its securities dealing code (the "Own Code") regarding Directors' dealings in the Company's securities by the Directors, senior personnel and certain employees of the Group (who are likely to be in possession of unpublished price sensitive information in relation to the Company or its securities) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"). Specific enquiry has been made of the Company's directors and all of them have confirmed that they have complied with the required standards set out in the Required Standard of Dealings and the Own Code throughout the period from 14 October 2010 (the listing date) to 31 March 2011.

No incident of non-compliance of the Required Standard of Dealings and the Own Code by the Directors and relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

CORPORATE GOVERNANCE REPORT

B. BOARD COMMITTEES

The Board has established four Board committees, namely, the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are available to shareholders upon request. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out in A.6.1 above.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B.1 Executive Committee

The Executive Committee comprises all the Executive Directors of the Company with Ms LEE Yau Lin, Jenny acting as the chairman of the Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B.2 Audit Committee

The Audit Committee comprises a total of three members, namely, Ms MAK Yun Chu (Chairman), Mr HO Wai Hung and Ms CHEUNG Kin, Jacqueline, all of whom are Independent Non-executive Directors of the Company. The Chairman of the Audit Committee also possesses the appropriate accounting and financial management expertise as required under Rule 5.28 of the GEM Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The principal role and function of the Audit Committee are to:

- (i) review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditor before submission to the Board;
- (ii) review the relationship with the external auditor by reference to the work performed by the external auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, reappointment and removal of external auditor; and
- (iii) review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

CORPORATE GOVERNANCE REPORT

Up to the date of this annual report, the Audit Committee met three times with the relevant senior management of the Company, and one of which with the external auditor and performed, inter alias, the following major tasks:

- Reviewed and discussed of the interim, quarterly and annual financial statements, results announcements and reports for six months ended 30 September 2010, nine months ended 31 December 2010 and the year ended 31 March 2011, the related accounting principles and practices adopted by the Group and the relevant audit findings;
- Reviewed and discussed the internal control system of the Group; and
- Discussed and recommended of the re-appointment of external auditor.

There is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditor.

B.3 Remuneration Committee

The Remuneration Committee comprises a total of three members, namely, Ms LEE Yau Lin, Jenny, Mr HO Wai Hung and Ms MAK Yun Chu (Chairman), the latter two of whom are Independent Non-executive Directors of the Company.

The principal role and function of the Remuneration Committee are to: –

- (i) make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (ii) determine the remuneration packages of Executive Directors and senior management and make recommendation to the Board of the remuneration of non-executive directors; and
- (iii) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

Details of the remuneration of each Director of the Company for the year ended 31 March 2011 are set out in note 12 to the financial statements contained in this annual report.

Up to the date of this annual report, the Remuneration Committee met once and performed, inter alias, the following major tasks:

- Recommended a procedure for "Developing Remuneration Policy" and a "Remuneration Policy";
- Reviewed and approved the current remuneration package of Executive Directors and senior management of the Group; and
- Recommended the packages of Independent Non-executive Directors.

CORPORATE GOVERNANCE REPORT

B.4 Nomination Committee

Pursuant to the recommended best practice of the CG Code, the Company has established the Nomination Committee. The Nomination Committee comprises a total of three members, namely, Ms LEE Yau Lin, Jenny (Chairman), Mr HO Wai Hung and Ms MAK Yun Chu, the latter two of whom are Independent Non-executive Directors of the Company.

The principal role and function of the Nomination Committee are to:

- (i) review the Board composition;
- (ii) develop and formulate relevant procedures for the nomination and appointment of directors;
- (iii) identify qualified individuals to become members of the Board;
- (iv) monitor the appointment and succession planning of directors; and
- (v) assess the independence of independent non-executive directors.

Up to the date of this annual report, the Nomination Committee met once and performed, inter alias, the following major tasks:

- Reviewed and discussed of the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;
- Assessed of the independence of the existing Independent Non-executive Directors;
- Recommended a guideline on “Directors’ Nomination, Appointment and Re-appointment”; and
- Recommended on the re-appointment of retiring directors at the 2011 annual general meeting of the Company pursuant to the Articles of Association.

C. DIRECTORS’ RESPONSIBILITIES

C.1 Under Statutes, Rules and Regulations

All Directors collectively and individually, are aware of their responsibilities to the shareholders for the conduct, business activities and development of the Company and shall perform their responsibilities in accordance with the CG Code. They have a proper understanding of the operations and business of the Company and are fully aware of their responsibilities under statutes and common laws, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company.

The following statements, which set out the responsibilities of the Directors in relation to the financial statements, should be read in conjunction with the Independent Auditor’s Report contained in this annual report.

CORPORATE GOVERNANCE REPORT

C.2 Annual Report and Accounts

The Directors acknowledge their responsibility to prepare financial statements which give a true and fair view.

C.3 Accounting Policies

The Directors consider that in preparing the financial statements the Group uses appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed.

C.4 Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of financial statements in accordance with the Listing Rules, the Companies Ordinance and the applicable accounting standards.

C.5 Safeguarding Assets

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

C.6 Going Concern

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and has no material uncertainties and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

D. INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard the interests of the Company's shareholders and the Group's assets and, with the support of the Audit Committee, for reviewing the effectiveness of such system on an annual basis.

The Board has conducted two reviews of the effectiveness of the internal control system of the Group during the year. The senior management reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks.

CORPORATE GOVERNANCE REPORT

E. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company on their reporting responsibilities for the Group's financial statements for the year ended 31 March 2011 is set out in the section headed "Independent Auditor's Report" in this annual report.

The audit committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year ended 31 March 2011, the Group is required to pay an aggregate of approximately HK\$2,370,000 to the external auditor, out of which, HK\$650,000 is for audit services and HK\$1,720,000 is for professional services for the listing of the Company on the Stock Exchange and other advisory services.

F. COMPANY SECRETARY

Mr WONG Chun, the Company Secretary, is accessible by all Directors for advice and services with a view of ensuring that Board procedures are followed. He assists the Chairman of the Board and its committees in preparing agendas for meetings and in preparing and disseminating Board papers to the Directors and Board Committee members in a timely and comprehensive manner. The Company Secretary is also directly responsible for the overall corporate governance and compliance with the continuing obligations of the Listing Rules, Companies Ordinance and the SFO, including timely dissemination of announcements and information relating to the Group to the market and ensuring that proper notification of Directors' dealings in securities of the Group is made. Mr Wong's qualification has been set out under the section "Directors and Senior Management Biographies".

G. COMPLIANCE OFFICER

Mr WONG Wing Fat, the Compliance Officer appointed pursuant to rule 5.19 of the GEM Listing Rules, is responsible for advising on and assisting the Board in implementing procedures to ensure that the Company complies with the GEM Listing Rules and other relevant laws and regulations applicable to the Company; and responding promptly and efficiently to all enquiries directed at him by the Stock Exchange. Mr Wong's qualification has been set out under the section "Directors and Senior Management Biographies".

CORPORATE GOVERNANCE REPORT

H. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board believes that a transparent and timely disclosure of the Group's information will enable shareholders and investors to make the best investment decision and to have better understanding on the Group's business performance and strategies. It is also vital for developing and maintaining continuing investor relations with the Company's potential and existing investors.

The Company maintains a website at "www.lmf noodle.com" as a communication platform with shareholders and investors, where the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Shareholders and investors may also write directly to the Company's principal place of business in Hong Kong at Unit 4, 10/F., Lucky Commercial Centre, 103 Des Voeux Road West, Hong Kong or via email to info@wealthglory.com for any inquiries. Inquiries are dealt with in an informative and timely manner.

The Board considers that general meetings of the Company provide an important channel for shareholders to exchange views with the Board. The Chairman of the Board as well as the chairmen and/or other members of the Board committees will endeavor to be available at the meetings to answer any questions raised by shareholders.

The Company continues to enhance communication and relationship with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

I. SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, various rights of shareholders, including the right to propose resolutions, are contained in the Articles of Association of the Company.

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the GEM Listing Rules and the Articles of Association of the Company and the poll voting results will be posted on the GEM website "www.hkgem.com" and the Company's website "www.lmf noodle.com" after the relevant shareholders' meetings.

INDEPENDENT AUDITOR'S REPORT

RSM! Nelson Wheeler

中瑞岳華(香港)會計師事務所

Certified Public Accountants

TO THE SHAREHOLDERS OF WEALTH GLORY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Wealth Glory Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 68, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

Opinion

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

RSM Nelson Wheeler

Certified Public Accountants

Hong Kong

27 June 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

	Note	2011 HK\$'000	2010 HK\$'000
Turnover	7	125,117	102,300
Cost of goods sold		<u>(87,574)</u>	<u>(75,420)</u>
Gross profit		37,543	26,880
Other income	8	60	12
Selling expenses		(2,260)	(3,726)
Administrative expenses		(8,232)	(5,289)
Other operating expenses		(2,091)	(476)
Profit before tax		25,020	17,401
Income tax expense	10	<u>–</u>	<u>(207)</u>
Profit for the year	11	25,020	17,194
Attributable to:			
Owners of the Company		<u>25,020</u>	<u>17,194</u>
Earnings per share	14		
Basic		<u>HK5.0 cents</u>	<u>HK3.8 cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	2011 HK\$'000	2010 HK\$'000
Profit for the year	25,020	17,194
Other comprehensive income for the year, net of tax:		
Exchange differences on translating foreign operations	288	–
Total comprehensive income for the year	25,308	17,194
Attributable to:		
Owners of the Company	25,308	17,194

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	Note	2011 HK\$'000	2010 HK\$'000
Non-current assets			
Fixed assets	15	<u>2,395</u>	<u>2,753</u>
Current assets			
Inventories	16	1,607	740
Trade receivables	17	20,826	15,654
Prepayments and deposits		1,065	610
Bank and cash balances	18	<u>46,799</u>	<u>14,826</u>
		<u>70,297</u>	<u>31,830</u>
Current liabilities			
Trade payables	19	9,172	9,388
Accruals and other payables		<u>1,286</u>	<u>1,401</u>
		<u>10,458</u>	<u>10,789</u>
Net current assets		<u>59,839</u>	<u>21,041</u>
Total assets less current liabilities		<u>62,234</u>	<u>23,794</u>
Non-current liabilities			
Deferred tax liabilities	20	<u>3</u>	<u>3</u>
NET ASSETS		<u><u>62,231</u></u>	<u><u>23,791</u></u>
Capital and reserves			
Share capital	21	5,520	234
Reserves	23	<u>56,711</u>	<u>23,557</u>
TOTAL EQUITY		<u><u>62,231</u></u>	<u><u>23,791</u></u>

Approved by the Board of Directors on 27 June 2011

Lee Yau Lin, Jenny
Director

Wong Wing Fat
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Note	Share capital HK\$'000	Share premium (Note23(c)(i)) HK\$'000	Merger reserve (Note23(c)(iii)) HK\$'000	Foreign currency translation reserve (Note23(c)(iv)) HK\$'000	Legal reserve (Note23(c)(v)) HK\$'000	Retained profits HK\$'000	Proposed final dividend HK\$'000	Total equity HK\$'000
1 April 2009		234	-	-	(979)	485	16,857	-	16,597
Total comprehensive income for the year		-	-	-	-	-	17,194	-	17,194
Dividends paid	13	-	-	-	-	-	(10,000)	-	(10,000)
Changes in equity for the year		-	-	-	-	-	7,194	-	7,194
At 31 March 2010 and 1 April 2010		234	-	-	(979)	485	24,051	-	23,791
Reorganisation		4,246	-	(4,246)	-	-	-	-	-
Issue of shares on placement	21(d)	1,040	24,960	-	-	-	-	-	26,000
Share issue expenses		-	(4,868)	-	-	-	-	-	(4,868)
Total comprehensive income for the year		-	-	-	288	-	25,020	-	25,308
Dividends paid	13	-	-	-	-	-	(8,000)	-	(8,000)
2011 proposed final dividend	13	-	-	-	-	-	(9,936)	9,936	-
Changes in equity for the year		5,286	20,092	(4,246)	288	-	7,084	9,936	38,440
At 31 March 2011		5,520	20,092	(4,246)	(691)	485	31,135	9,936	62,231

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	2011 HK\$'000	2010 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	25,020	17,401
Adjustments for:		
Depreciation	521	522
Fixed assets written off	2	–
Inventories written off	16	2
Interest income	(46)	(1)
Operating profit before working capital changes	25,513	17,924
(Increase)/decrease in inventories	(883)	35
Increase in trade receivables	(5,172)	(6,457)
Increase in prepayments and deposits	(455)	(8)
(Decrease)/increase in trade payables	(216)	4,745
(Decrease)/increase in accruals and other payables	(115)	444
Net cash generated from operating activities	18,672	16,683
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(49)	(11)
Interest received	46	1
Net cash used in investing activities	(3)	(10)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	26,000	–
Share issue expenses paid	(4,868)	–
Dividends paid	(8,000)	(10,000)
Repayment to a director	–	(2,684)
Net cash generated from/(used in) financing activities	13,132	(12,684)
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,801	3,989
Effect of foreign exchange rate changes	172	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	14,826	10,837
CASH AND CASH EQUIVALENTS AT END OF YEAR	46,799	14,826
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	46,799	14,826

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 25 June 2010 under the Companies Law of the Cayman Islands as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Unit 4, 10/F., Lucky Commercial Centre, 103 Des Voeux Road West, Hong Kong.

The shares of the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 14 October 2010 (the “Listing Date”).

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 29 to the financial statements.

In the opinion of the directors of the Company, as at 31 March 2011, Conrich Investments Limited (“Conrich”), a company incorporated in the British Virgin Islands (the “BVI”), is the immediate and ultimate holding company of the Company and Ms. Lee Yau Lin, Jenny is the ultimate controlling party of the Company.

2. GROUP REORGANISATION AND BASIS OF PREPARATION

Pursuant to a group reorganisation (the “Reorganisation”) for the purpose of listing (the “Listing”) the Company’s ordinary shares on the Stock Exchange, the Company was incorporated and became the holding company of Paraburdoo Limited (“Paraburdoo”) and its subsidiaries now comprising the Group since 24 September 2010. Further details of the Reorganisation are also set out in the paragraphs headed “Corporate Reorganisation” in Appendix V to the prospectus of the Company dated 30 September 2010 in connection with the Listing.

As the Reorganisation only involved inserting a new holding entity at the top of an existing group and has not resulted in any change of economic substances, the financial statements of the Group for the years ended 31 March 2010 and 2011 have been presented as a continuation of the existing group based on the principles and procedures of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants. Accordingly, the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows are prepared as if the current group structure had been in existence rather than from date of incorporation of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2010. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas where assumptions and estimates are significant to these financial statements are disclosed in note 5 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Merger accounting for business combination under common control

The consolidated financial statements incorporate the financial statements of the combining entities as if they had been combined from the date when they first came under the control of the controlling party.

The consolidated income statement and statement of comprehensive income and consolidated statement of cash flows include the results and cash flows of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The consolidated statement of financial position have been prepared to present the assets and liabilities of the combining entities as if the Group structure as at 31 March 2011 had been in existence at the end of each reporting period. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination, to the extent of the continuation of the controlling party's interest.

There was no adjustment made to the net assets nor the net profit or loss of any combining entities in order to achieve consistency of the Group's accounting policies.

(c) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency translation (cont'd)

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

(d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of fixed assets is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	10% – 20%
Plant and machinery	10% – 20%
Furniture, office and other equipment	10% – 20%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of fixed assets is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(h) Trade receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Trade receivables (cont'd)

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(i) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(j) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(k) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales of manufactured goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Retirement benefits schemes*

The Group operates a mandatory provident scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK\$1,000 per employee and vest with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary established in the People's Republic of China (the "PRC") are members of a central pension scheme operated by the local municipal government. The subsidiary is required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiary. The only obligation of the subsidiary with respect to the central pension scheme is to meet the required contributions under the scheme.

(iii) *Termination benefits*

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(o) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Taxation (cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(p) Related parties

A party is related to the Group if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
- (ii) the party is an associate;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Related parties (cont'd)

- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(q) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets except inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(s) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

5. KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Fixed assets and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's fixed assets. This estimate is based on the historical experience of the actual useful lives and residual values of fixed assets of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

5. KEY ESTIMATES (CONT'D)

(c) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade receivables and doubtful debt expenses in the year in which such estimate has been changed.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of respective group entities, such as United States dollars ("USD") and Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Monetary assets and monetary liabilities denominated in USD have no material foreign currency risk exposure as Hong Kong dollars is pegged with USD.

(b) Credit risk

The carrying amount of the bank and cash balances, trade receivables and deposits included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers. It has policies in place to ensure that sales are made to customers with an appropriate credit history. In additions, the directors review the recoverable amount of each individual debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts.

The credit risk on bank and cash balances is limited because the counterparties are well-established banks in Hong Kong, Macao and the PRC.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

6. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000
At 31 March 2011				
Trade payables	9,172	–	–	–
Accruals and other payables	1,286	–	–	–
At 31 March 2010				
Trade payables	9,388	–	–	–
Accruals and other payables	1,401	–	–	–

(d) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits. Bank deposits of approximately HK\$20,019,000 bear interests at fixed interest rates and therefore subject to fair value interest rate risk. Other bank deposits bear interests at variable rates varied with the then prevailing market condition. The effect of changes in interest rates are not significant to the financial statements.

Except as stated above, the Group has no other significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(e) Categories of financial instruments at 31 March 2011

	2011 HK\$'000	2010 HK\$'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	<u>67,839</u>	<u>30,480</u>
Financial liabilities:		
Financial liabilities at amortised cost	<u>10,458</u>	<u>10,789</u>

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

7. TURNOVER

The Group's turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the year.

8. OTHER INCOME

	2011 HK\$'000	2010 HK\$'000
Interest income	46	1
Others	14	11
	<u>60</u>	<u>12</u>

9. SEGMENT INFORMATION

The Group has one single reportable segment which was managed as a single strategic business unit that engaged in the manufacturing and sale of packaged foods with similar marketing strategy. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and assessment performance is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented.

Geographical information:

The following tables present revenue from external customers by geographical locations for the year.

	Revenue		Non-current assets	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Hong Kong	1,530	235	21	19
Macao	–	–	175	304
PRC except Hong Kong and Macao	5,665	3,676	2,199	2,430
Australia	29,406	25,801	–	–
Canada	19,135	16,940	–	–
Europe	8,716	13,126	–	–
South East Asia	45,628	32,013	–	–
Others	15,037	10,509	–	–
Consolidated total	<u>125,117</u>	<u>102,300</u>	<u>2,395</u>	<u>2,753</u>

In presenting the geographical information, revenue is based on the locations of the customers.

There was no customer who accounted for 10% or more of the Group's revenue for the years ended 31 March 2010 and 2011.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

10. INCOME TAX EXPENSE

	2011 HK\$'000	2010 HK\$'000
Deferred tax (note 20)	–	207

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2011 as the Group did not generate any assessable profits arising in Hong Kong (2010: Nil).

The subsidiary, Shui Ye Foods (Shanghai) Co., Ltd. (“Shui Ye”), operating in the PRC, is subject to corporate income tax rate of 25% (2010: 25%) on its taxable profit in accordance with the PRC Corporate Income Tax Law. No provision for corporate income tax has been made as it has no assessable profit for the year ended 31 March 2011 (2010: Nil).

According to the current applicable laws of the Macao Special Administrative Region, Macao Complementary Tax is calculated at a progressive rate from 9% to 12% (2010: 9% to 12%) on the estimated assessable profits for the year with the first two hundred thousand patacas assessable profits being free from tax. However, the subsidiary, Greenfortune (Macao Commercial Offshore) Limited (“Greenfortune”), operating in Macao during the year is in compliance with the Decree-Law No. 58/99/M of Macao Special Administrative Region, and thus, the profits generated by the subsidiary is exempted from the Macao Complementary Tax. Further, in the opinion of the directors, that portion of the Group’s profit is not at present subject to taxation in any other jurisdictions in which the Group operates.

The reconciliation between income tax expense and the product of profit/(loss) before tax multiplied by the statutory tax rate of the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates are as follows:

For the year ended 31 March 2011

	Macao HK\$'000	Hong Kong HK\$'000	PRC HK\$'000	Total HK\$'000
Profit/(loss) before tax	31,865	(4,592)	(2,253)	25,020
Applicable income tax rate	12%	16.5%	25%	
Tax at the applicable income tax rate	3,824	(758)	(563)	2,503
Tax effect of income not taxable	–	(3)	–	(3)
Tax effect of expenses not deductible	–	605	–	605
Tax effect of tax losses not recognised	–	156	563	719
Profits exempted from the Macao Complementary Tax	(3,824)	–	–	(3,824)
Income tax expense	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

10. INCOME TAX EXPENSE (CONT'D)

For the year ended 31 March 2010

	Macao HK\$'000	Hong Kong HK\$'000	PRC HK\$'000	Total HK\$'000
Profit/(loss) before tax	21,414	(1,796)	(2,217)	17,401
Applicable income tax rate	12%	16.5%	25%	
Tax at the applicable income tax rate	2,570	(296)	(554)	1,720
Tax effect of expenses not deductible	–	52	–	52
Tax losses previously recognised and reversed	–	208	–	208
Tax effect of tax losses not recognised	–	243	554	797
Profits exempted from the Macao Complementary Tax	(2,570)	–	–	(2,570)
Income tax expense	–	207	–	207

11. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2011 HK\$'000	2010 HK\$'000
Auditor's remuneration	704	376
Cost of inventories sold (note)	87,574	75,420
Depreciation	521	522
Fixed assets written off	2	–
Inventories written off #	16	2
Net foreign exchange loss	615	466
Operating lease charges		
– Land and buildings	989	908
Staff costs including directors' emoluments		
Salaries, bonus and allowances	3,952	2,756
Retirement benefit scheme contributions	517	387
	4,469	3,143

Included in cost of inventories sold

Note: Cost of inventories sold includes staff costs of approximately HK\$1,130,000 (2010: HK\$759,000), depreciation of approximately HK\$123,000 (2010: HK\$123,000) and operating lease charges of approximately HK\$419,000 (2010: HK\$405,000), which are included in the amounts disclosed separately above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

Name of director	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Ms. Lee Yau Lin, Jenny	–	223	–	6	229
Mr. Wong Wing Fat	–	686	–	12	698
Mr. Ho Wai Hung (Note)	28	–	–	–	28
Ms. Cheung Kin, Jacqueline (Note)	28	–	–	–	28
Ms. Mak Yun Chu (Note)	28	–	–	–	28
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total for 2011	84	909	–	18	1,011
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Ms. Lee Yau Lin, Jenny	–	–	–	–	–
Mr. Wong Wing Fat	–	653	–	12	665
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total for 2010	–	653	–	12	665
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Note: Appointed on 26 September 2010

There were no arrangements under which a director waived or agreed to waive any emoluments during the year.

The five highest paid individuals in the Group included 2 directors for the year ended 31 March 2011 (2010: 1). Details of those emoluments have been disclosed above. The emoluments of the remaining 3 (2010: 4) individuals are set out below:

	2011 HK\$'000	2010 HK\$'000
Basic salaries and allowances	737	672
Retirement benefit scheme contributions	34	24
	<hr/>	<hr/>
	771	696
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONT'D)

The emoluments fell within the following band:

	Number of individuals	
	2011	2010
Nil to HK\$1,000,000	<u>3</u>	<u>4</u>

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

	2011	2010
	HK\$'000	HK\$'000
Special (note)	8,000	–
Interim (note)	–	10,000
Proposed final of HK1.5 cents (2010: Nil) per ordinary share	<u>9,936</u>	–
	<u>17,936</u>	<u>10,000</u>

Note: Paraburdoo, a subsidiary of the Company, declared and paid a special dividend of HK\$8,000,000 for the year ended 31 March 2011 and interim dividend of HK\$10,000,000 for the year ended 31 March 2010 to its then shareholders prior to the Reorganisation of the Group. The rates of dividends and the number of shares ranking for dividends are not presented as such information is not meaningful having regard to the purpose of this report.

A final dividend in respect of the year ended 31 March 2011 of HK1.5 cents per share, totalling HK\$9,936,000 is proposed by the Board. The dividends are subject to approval by shareholders at the forthcoming annual general meeting and have not been included as liabilities in these consolidated financial statements. The proposed final dividend is calculated based on the number of shares in issue at the date of approval of these consolidated financial statements.

14. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$25,020,000 (2010: HK\$17,194,000) and the weighted average number of ordinary shares of 496,153,425 (2010: 448,000,000) in issue during the year, on the assumption that 448,000,000 shares due to Reorganisation have been in issue throughout both years.

Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 March 2011.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

15. FIXED ASSETS

	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, office and other equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
At 1 April 2009	970	1,483	2,092	340	4,885
Additions	–	–	11	–	11
At 31 March 2010 and 1 April 2010	970	1,483	2,103	340	4,896
Additions	–	17	32	–	49
Write-off	–	–	(7)	–	(7)
Exchange differences	45	71	68	16	200
At 31 March 2011	1,015	1,571	2,196	356	5,138
Accumulated depreciation					
At 1 April 2009	176	420	876	149	1,621
Charge for the year	81	138	242	61	522
At 31 March 2010 and 1 April 2010	257	558	1,118	210	2,143
Charge for the year	94	130	233	64	521
Write-off	–	–	(5)	–	(5)
Exchange differences	12	26	37	9	84
At 31 March 2011	363	714	1,383	283	2,743
Carrying amount					
At 31 March 2011	652	857	813	73	2,395
At 31 March 2010	713	925	985	130	2,753

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

16. INVENTORIES

	2011 HK\$'000	2010 HK\$'000
Raw materials	914	363
Work in progress	108	96
Finished goods	585	281
	<u>1,607</u>	<u>740</u>

17. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade receivables, based on the date of recognition of sales, and net of allowances, is as follows:

	2011 HK\$'000	2010 HK\$'000
0 to 90 days	20,602	15,622
91 to 180 days	89	–
181 to 365 days	135	32
	<u>20,826</u>	<u>15,654</u>

As of 31 March 2011, trade receivables of approximately HK\$3,750,000 (2010: HK\$32,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2011 HK\$'000	2010 HK\$'000
Overdue by:		
Up to 90 days	3,615	–
91 to 180 days	135	32
	<u>3,750</u>	<u>32</u>

Subsequent to 31 March 2011, the Group received cash settlement amount of about HK\$3.5 million and HK\$0.1 million for balances overdue up to 90 days and by 91 to 180 days respectively. For the remaining balances overdue, these relate to a number of independent customers that have good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balance are still considered fully recoverable. The Group does not hold any collateral over these balances.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

17. TRADE RECEIVABLES (CONT'D)

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2011 HK\$'000	2010 HK\$'000
HK\$	221	–
USD	19,918	15,435
RMB	687	219
	<u>20,826</u>	<u>15,654</u>

18. BANK AND CASH BALANCES

As at 31 March 2011, the bank and cash balances of the Group denominated in RMB amounted to approximately HK\$94,000 (2010: HK\$135,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

19. TRADE PAYABLES

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2011 HK\$'000	2010 HK\$'000
0 to 90 days	9,025	9,250
91 to 180 days	147	97
181 to 365 days	–	2
Over 365 days	–	39
	<u>9,172</u>	<u>9,388</u>

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2011 HK\$'000	2010 HK\$'000
USD	8,669	8,973
RMB	503	415
	<u>9,172</u>	<u>9,388</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

20. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities and assets recognised by the Group.

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 April 2009	4	(208)	(204)
(Credit)/charge to profit or loss for the year (note 10)	(1)	208	207
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2010, 1 April 2010 and 31 March 2011	<u> </u> 3	<u> </u> –	<u> </u> 3

At the end of the reporting period, the Group has unused tax losses of approximately HK\$18,140,000 (2010: HK\$15,783,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams from those subsidiaries. As at 31 March 2011, the unrecognised tax losses of approximately HK\$4,400,000, HK\$2,213,000, HK\$3,584,000, HK\$2,346,000 and HK\$1,920,000 will expire on 31 March 2012, 2013, 2014, 2015 and 2016 respectively. Other tax losses may be carried forward indefinitely.

21. SHARE CAPITAL

	Note	Number of shares	Amount HK\$'000
Authorised:			
Ordinary shares of HK\$0.01 each			
At 1 April 2010		–	–
Upon incorporation	(a)	38,000,000	380
Increase in authorised share capital of HK\$0.01 each	(b)	962,000,000	9,620
		<u> </u>	<u> </u>
At 31 March 2011		<u>1,000,000,000</u>	<u>10,000</u>
Issued and fully paid:			
Ordinary shares of HK\$0.01 each			
At 1 April 2010		–	–
Upon incorporation	(a)	1	–
Share swap	(c)	447,999,999	4,480
Issue of shares on placement	(d)	104,000,000	1,040
		<u> </u>	<u> </u>
At 31 March 2011		<u>552,000,000</u>	<u>5,520</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

21. SHARE CAPITAL (CONT'D)

The Company was incorporated in the Cayman Islands on 25 June 2010 and therefore there was no issued share capital as at 31 March 2010.

For presentation purpose, the balance of share capital at 31 March 2010 represented the issued and fully paid share capital of Paraburdoo, which was the former holding company of the Group prior to the Reorganisation.

Notes:

- (a) The Company was incorporated in the Cayman Islands on 25 June 2010 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares at par of HK\$0.01 each. Upon incorporation, 1 share was allotted and issued at fully paid to the initial subscriber on 25 June 2010.
- (b) Pursuant to the written resolution of shareholders of the Company passed on 22 September 2010, the Company's authorised share capital was increased from HK\$380,000 to HK\$10,000,000 by the creation of an additional 962,000,000 shares of HK\$0.01 each.
- (c) On 24 September 2010, pursuant to a share swap agreement entered into among the Company and all of the then shareholders of Paraburdoo, the Company acquired the entire issued share capital of Paraburdoo from the then shareholders of Paraburdoo comprising the same persons as the shareholders of the Company immediately prior to the placing of shares. In consideration of the abovementioned share swap, 447,999,999 shares of HK\$0.01 each were allotted and issued by the Company at par to the then shareholders of Paraburdoo, credited as fully paid.
- (d) In connection with the placing of shares of the Company, an aggregate of 104,000,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$0.25 per share for a total cash consideration, before issuance costs, of HK\$26,000,000.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders, and to provide an adequate return to the shareholders.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholders, if any, return capital to the shareholders, issue new shares, or sell assets to reduce debt. No changes had been made in the objectives, policies and processes during the year.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit from the Listing Date. As at 31 March 2011, 37.91% of the shares were in public hands.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

22. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2011 HK\$'000
Investment in a subsidiary		21,545
Due from subsidiaries		27,992
Bank balance		10,019
Accruals and other payables		(677)
Due to subsidiaries		(818)
NET ASSETS		58,061
Share capital		5,520
Reserves	23(b)	52,541
TOTAL EQUITY		58,061

23. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of comprehensive income and consolidated statement of changes in equity.

(b) Company

	Note	Share premium HK\$000	Contributed surplus HK\$000	Retained profits HK\$000	Proposed final dividend HK\$000	Total HK\$000
Reorganisation		-	17,065	-	-	17,065
Issue of shares on placement	21(d)	24,960	-	-	-	24,960
Share issue expenses		(4,868)	-	-	-	(4,868)
Profit for the period from 25 June 2010 (date of incorporation) to 31 March 2011		-	-	15,384	-	15,384
2011 proposed final dividend	13	-	-	(9,936)	9,936	-
At 31 March 2011		20,092	17,065	5,448	9,936	52,541

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

23. RESERVES (CONT'D)

(c) Nature and purpose of reserves

(i) *Share premium account*

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and after deduction of issuance costs of placing of shares.

(ii) *Merger reserve*

The merger reserve of the Group arose as a result of the Reorganisation of the Group implemented in preparation for the Listing and represented the difference between the nominal value of the share capital of Paraburdoo acquired under the Reorganisation and the nominal value of the share capital of the Company issued in exchange thereof.

(iii) *Contributed surplus*

Contributed surplus of the Company represents the difference between the nominal amount of the share capital issued by the Company and the cost of investment in subsidiaries combined by the Company at the date of the Reorganisation.

(iv) *Foreign currency translation reserve*

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 4(c) to the financial statements.

(v) *Legal reserve*

Legal reserve represented reserve retained in accordance with the Article 377 of the Macao Commercial Code for the entities incorporated in Macao. The legal reserve represented the amount set aside from the income statement and is not distributable to the owners.

24. CONTINGENT LIABILITIES

As at 31 March 2011, the Group did not have any significant contingent liabilities (2010: Nil).

25. CAPITAL COMMITMENTS

As at 31 March 2011, the Group did not have any significant capital commitments (2010: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

26. LEASE COMMITMENTS

At 31 March 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2011 HK\$'000	2010 HK\$'000
Within one year	1,062	989
In the second to fifth years inclusive	-	18
	<u>1,062</u>	<u>1,007</u>

Operating lease payments represent rentals payable by the Group for certain of its offices and factory. Leases are negotiated for terms ranged from 2 to 15 years and rentals are fixed over the lease terms and do not include contingent rentals.

27. RELATED PARTY TRANSACTIONS

The Group had the following transactions with its related parties during the year:

Key management personnel compensation

The key management personnel of the Group are the directors of the Company. Details of the remuneration paid to them during the year are set out in note 12 to the financial statements.

28. EVENTS AFTER THE REPORTING PERIOD

- (a) Subsequent to the end of the reporting period, Greenfortune entered into an agreement with a supplier to which the supplier will provide services to the Group in connection with the production capacity expansion at approximately HK\$7,920,000. Up to the reporting date, the Group paid approximately HK\$792,000 to the aforesaid supplier.
- (b) On 29 April 2011, the Company, Ms. Lee Yau Lin, Jenny, Conrich and the placing agent entered into a placing and subscription agreement, pursuant to which Conrich agreed to place, and the placing agent agreed to procure not less than six placees to purchase 110,400,000 shares at placing price of HK\$0.37 per share from Conrich and Conrich agreed to subscribe new shares equivalent to the number of placing shares of 110,400,000 shares at subscription price equivalent to the placing price of HK\$0.37 per share from the Company. Details of the placing and subscription were disclosed in the announcement of the Company dated 29 April 2011.

On 5 May 2011, the aforesaid placing was completed.

On 13 May 2011, the aforesaid subscription was completed and 110,400,000 subscription shares were allotted and issued. The consideration net of subscription fee of approximately HK\$40,395,000 was received.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

29. SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2011 are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Issued and paid up capital/ registered capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
Greenfortune	Macao	MOP1,000,000	–	100%	Wholesales of packed foods
Pacific Asset International Limited	Hong Kong	Ordinary HK\$10,000	–	100%	Investment holding
Paraburdoo	The BVI	Ordinary US\$30,000	100%	–	Investment holding
Shui Ye*	The PRC	US\$2,000,000	–	100%	Manufacturing and sales of packed foods
Success Link Trading Limited	Hong Kong	Ordinary HK\$2	–	100%	Sales of packed foods

* Shui Ye is a wholly-owned foreign enterprise established in the PRC. The registered capital of Shui Ye is US\$2,000,000 and US\$1,232,990 has been paid up as at 31 March 2011.

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27 June 2011.

FINANCIAL SUMMARY

A summary of the Group's results for the three financial years and the assets and liabilities of the Group as at 31 March 2011, 2010 and 2009, as extracted from the published audited financial statements for the year ended 31 March 2011 or the prospectus of the Company dated 30 September 2010, is set out below. The amounts set out in this financial summary are prepared as if the current structure of the Group had been in existence throughout the years presented.

	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000
RESULTS			
Turnover	<u>125,117</u>	<u>102,300</u>	<u>58,012</u>
Profit attributable to:			
Owners of the Company	<u>25,020</u>	<u>17,194</u>	<u>9,665</u>
ASSETS AND LIABILITIES			
Total assets	<u>72,692</u>	<u>34,583</u>	<u>24,885</u>
Total liabilities	<u>(10,461)</u>	<u>(10,792)</u>	<u>(8,288)</u>
Net assets	<u>62,231</u>	<u>23,791</u>	<u>16,597</u>