# WEALTH GLORY HOLDINGS LIMITED
# 富 譽 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8269

# Annual Report 2012

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

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

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

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# Contents

## 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.lmfnoodle.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 annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2012.

The core activities of the Company are manufacturing of dried and fresh noodles. This year, the Company has explored the horizon of new business streams by tapping into coal trading business in the PRC. This represents a new and challenging move of the Group to further expand its size and strengthen its revenue stream.

I would like to report that the profit for the year ended 31 March 2012 was approximately HK$7.7 million. The Board does not recommend the payment of the final dividend in respect of the year ended 31 March 2012. In view of the exploring to new business streams, the Board decided to maintain adequate cash reserve in order to protect the Group in a more solvent position and for investment in new coal trading business in the coming year.

Taking this special opportunity, I would like to represent the Board to thank for your continuous trust and investment into the Company in the past and 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 continue to persist our best effort in striving for minimizing our returns to the shareholders while contributing to social, environment and governance sectors as well.

**Lee Yau Lin, Jenny**
*Chairman*

Hong Kong, 22 June 2012

## 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 mainly in Australia, Canada 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").

During the year under review, the Group's turnover had been unfavourably affected by the tightening up of formalities for domestic and export sales that were attributable to the PRC Government's concern with the food safety scandals, led to more stringent domestic measures on food quality controls and other process to reduce the food safety risks. This had triggered delay in goods clearance procedures, caution among customers, and an overall reduction in the sales volume since the late 2011. Together with the escalating costs in raw materials and the downturn in global economy, the Group's performance for export sales had been significantly affected.

Although the Group had been implementing the scheduled objectives and future plans, taking into account the continuously unstable global economy and instability in the financial market in recent months, the Group was in the course of identifying further investment opportunities in order to diversify its existing business. During the year, the Group had found a new business segment which would contribute steady revenue stream to the Group and maximize the return to the shareholders.

On 13 April 2011, a wholly owned subsidiary of the Company had entered into an agreement with a supplier pursuant to which the supplier would provide design, procure three production lines and their installation and carry out necessary inspection and certification of the production lines in the production base of the Group in Shanghai, the PRC. The production lines were for production of dried noodles and were similar to the existing production lines for dried noodles of the Group. The production lines had been ready for use and would be operated for production of dried noodles for the PRC domestic market. Each of their total production capacity would be similar to the existing production lines of dried noodles of the Group.

On 29 April 2011, the Company announced to raise through a top-up placing of 110,400,000 existing shares at HK$0.37 each net proceeds amounted approximately HK$40.4 million. The top-up placing represented a good opportunity for the Company to raise further capital for the Company, while at the same time broadening its shareholder and capital base. It was intended that the net proceeds from the subscription would be applied up to HK$10 million as general working capital and the remaining to acquire 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.

On 1 December 2011, the Group had entered into a memorandum of understanding (the "MOU") with an independent third party in respect of a possible acquisition of copper mining rights in Tibet, the PRC. Since the exclusive period of the MOU had not been extended, the MOU was lapsed on 28 February 2012. Notwithstanding that, the Group continued to explore and study other potential projects for investments.

# Management Discussion and Analysis

On 25 May 2012, a wholly owned subsidiary of the Company had entered into a conditional acquisition agreement with an independent third party, Intellect Hero Limited, pursuant to which the Group could diversify its existing businesses and tap into the coal trading business in the PRC by acquiring the 100% interest in Eminent Along Limited at a total consideration of HK$100 million. The Group would then indirectly hold 33.33% equity interests of the target group. According to the terms of the agreement, the Group would be able to benefit from the positive prospects of the target group in light of the increasing demand of coal in the PRC, and to benefit from the potential investment returns to achieve increasing revenue to the Group and maximize the returns to the shareholders. For financing the initial working capital of the target group, the Company had also conditionally agreed to provide a facility of HK$5 million to the target group. Details can be found in the announcement of the Company dated 25 May 2012. The acquisition and the facility would be subject to shareholders' approval.

On 12 June 2012, the Company announced to propose to raise approximately HK$51 million through placing of 300,000,000 new shares at the price of HK$0.17 per share and net proceeds receivable by the Company under the placing were estimated to be approximately HK$49.6 million after deducting relevant expenses incurred in placing. The net proceeds from placing would provide funding to meet the capital requirement for the acquisition of new coal trading business in the PRC and also allow the Company to diversify its existing businesses. The shares to be issued under this placing would be under a specific mandate subject to shareholders' approval.

## FINANCIAL REVIEW

For the year ended 31 March 2012, the Group's turnover decreased by approximately 16.5% to approximately HK$104.4 million from approximately HK$125.1 million compared to the corresponding previous year. The decrease in turnover was principally attributed to the decrease in orders from overseas customers due to the tightening up of formalities for export sales that were attributable to the PRC Government's concern with the food safety scandals, led to more stringent measures on food quality controls and other process to reduce the food safety risks for export to overseas countries. This had triggered delay in goods clearance procedures, caution among customers, and an overall reduction in the sales volume since the late 2011. Together with the downturn in global economy, the Group's performance for sales had been significantly affected. In term of geographical segments, South East Asia, Australia and Canada were still our major markets, which represented approximately 36.6%, 17.2% and 14.4% of the Group's turnover.

The gross profit of the Group for the year ended 31 March 2012 decreased to approximately HK$25.6 million as compared to approximately HK$37.5 million for the corresponding previous year, a decrease of approximately 31.8%. The decrease in gross profit was mainly attributed to the decrease in turnover and also the decrease in gross profit margin attributable to the escalating costs in raw materials which the Group could not fully transfer all the increased costs to the customers.

The Group's selling expenses for the year ended 31 March 2012 were increased to approximately HK$3.3 million compared to approximately HK$2.3 million for the corresponding previous year. The increase was mainly attributed to the equity-settled share-based payments of approximately HK$1.1 million charged to the income statement for grant of share options during the year under review.

The Group's administrative expenses for the year ended 31 March 2012 increased by approximately 76.0% to approximately HK$14.5 million compared to approximately HK$8.2 million for the corresponding previous year. The increase was mainly attributed to the increase in outlays in entertainment and traveling, share-based payments, legal and professional fees and costs and expenses incurred in engaging professional advisers exploring potential investment projects for the Group.

The Group's other operating expenses for the year ended 31 March 2012 were decreased to approximately HK$0.6 million compared to approximately HK$2.1 million in the corresponding previous year.

The Group's profit attributable to owners for the year ended 31 March 2012 was decreased by approximately 69.1% to approximately HK$7.7 million compared to approximately HK$25.0 million for the corresponding previous year. The Group's profit can be summarised as mainly attributable to approximately 16.5% decrease in turnover, approximately 31.8% decrease in the Group's overall gross profit and approximately 76.0% increase in administrative expenses.

### Liquidity, financial resources and capital structure

| | **2012** | 2011 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| | **(approx.)** | (approx.) |
| Current assets | **105,071** | 70,297 |
| Current liabilities | **10,459** | 10,458 |
| Current ratio | **10.0** | 6.7 |

The current ratio of the Group as at 31 March 2012 was 10.0 times compared with 6.7 times as at 31 March 2011. The increase was mainly attributable to the increase in bank and cash balances generated from net profit and the net proceeds raised from the top-up placing of the shares of the Company during the year.

As at 31 March 2012, the Group had bank and cash balances of approximately HK$86.7 million (2011:approximately HK$46.8 million) and had no external borrowings.

As at 31 March 2012, the Group's gearing ratio represented by the total liabilities as a percentage of the Group's total assets amounted to approximately 9.1% (2011: approximately 14.4%). The decrease in the gearing ratio was mainly attributable to the increase in total assets mainly from bank and cash balances.

As at 31 March 2012, there was no significant investment held by the Group (2011: Nil).

As at 31 March 2012, the Group and the Company had no significant contingent liabilities and no charges on its assets (2011: Nil).

Particulars of the contracted and lease commitments of the Group are set out in notes 26 and 27 to the financial statements respectively. Save for the above commitment, as at 31 March 2012 and 2011, neither the Group nor the Company had any other significant commitments.

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.

### 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 2012, the Group had 74 (2011: 80) employees, including the Directors. 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

Due to uncertainty of global economy and downturn in financial market in recent months, the Group has fine tuned and slightly rescheduling the future plans as set out in the prospectus of the Group dated 30 September 2010. The Group will execute its development plans as originally planned. The Group believes expanding domestic sales in the PRC is a critical strategy to the future success of our Group and the Group will continue to seek opportunities in existing business to broaden and maintain the Group's customers base.

Going forward in the next year, all newly installed production lines will be ready for production and the Group will continue to recruit and train its staff team for production. Evaluation and improvement of operation mode of new production lines will continue to be carried out.

To further expand the overseas markets, the Group will strengthen the current communication channels with existing customers and enlarge the customer base by further exploring business opportunities with potential customers in existing markets and new markets basing on the information gathered from government trade bureaus, the internet, business trips and tradeshows. The Group will also regularly participate tradeshows to enhance the Group's corporate profile, select suitable locations to set up the new overseas sales offices, recruit new staff for new overseas sales offices and recruit and train new sales and marketing staff.

The Group will continue to develop marketing and brand building in the PRC, improve existing products and develop new tastes, ingredients and appearances to customers to fulfill the customers' demands and preferences.

Moreover, the Group has started to diversify its existing businesses and tap into the new coal trading business which is expected this new business segment will contribute as an steady revenue stream and maximize the return to the shareholders.

## 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 2012 is set out below:

| | **Business objectives** | **Actual operation progress up to 31 March 2012** |
|---|---|---|
| Expansion of production capacity | Install two additional dried noodle production lines and the relevant machinery | All production lines have been installed and ready for use |
| | Trial operation of the two additional production lines | Trial run has completed and the result is satisfied |
| | Recruit 60 new staff for production department | Recruitment was being carried out |
| Expansion of overseas markets | Strengthen the communication channels with existing customers | 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, the internet and business trip | Several business trips to visit new customers in existing markets such as England, Singapore and South East Asia were arranged throughout the year |
| | Enhance our Group's corporate profile and participate in tradeshows | Our Group has participated in several tradeshows to enhance corporate profile |
| | Evaluate the performance of the new overseas sale office | The first sales office in New Zealand enhanced the turnover in New Zealand and several trips to England, Singapore and South East Asia were arranged during the year to select the suitable locations of new overseas sale office |

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

| | Business objectives | Actual operation progress up to 31 March 2012 |
|---|---|---|
| Marketing and brand building in the PRC | Strengthen the communication channels with existing customers | Regular email, telephone contacts and visits were arranged to strengthen the communication channels 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 Beijing, Tianjin, Chengdo, Chongqing, Hangzhou, Zhengzhou and Xiamen were arranged to explore potential customers in existing markets |
| | Evaluate and update our Group's website | The Group's website was regularly updated with the latest product information and latest news regarding the Group's business development |
| | Enhance our Group's corporate profile, participate in more tradeshows and organize some marketing campaigns including free testing events in supermarkets and shopping malls and sport sponsorship events | Campaigns including free tasting events in supermarket and shopping malls have been held and several tradeshows have been participated to enhance corporate profile |
| | Recruit two new staff for marketing team | Recruitment was being carried out |

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

| | Business objectives | Actual operation progress up to 31 March 2012 |
|---|---|---|
| Product development | Evaluate the taste, ingredient, and appearance and packaging of our Group's existing products | The taste, ingredient, and appearance and packaging of our existing products were regularly evaluated and modulated |
| | Study the customer appetites in PRC and overseas markets with assistance from the sales and marketing team | Studies on the customer appetites in PRC market were carried out |
| | Launch trial products such as improved/new taste, ingredient and appearance to customers and review customers' demand and preference | New taste and ingredient products have been sent to existing customers and the Group will fine-tune the taste of new products based on customers' feedback |
| | Introduce not less than 10 new products to the market and continuously improve the quality of existing products | 9 new products were developed and introduced to the market and the Group continuously improves the quality and taste of existing products |
| | Update the regulatory requirements in PRC regarding the quality of noodle products and improve accordingly if there is any amendment | The regulatory requirements in PRC regarding the quality of noodle products were regularly reviewed and updated |

## 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 2012, 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 | (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; | (i) approximately HK$7.2 million was used for the expansion of production capacity and the remaining will be utilized as intended |
| | | | (ii) approximately 15.2% of the net proceeds, or approximately HK$3.0 million, for the expansion of the overseas markets; | (ii) approximately HK$1.0 million was used for the expansion of the overseas markets and the remaining will be utilized as intended |
| | | | (iii) approximately 20.2% of the net proceeds, or approximately HK$4.0 million, for marketing and brand building in the PRC; | (iii) partially used as intended, approximately HK$1.0 million has been used for the marketing and promotion activities, and the remaining will be utilized as intended |

## 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$0.6 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 57, 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 53, 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 54, 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 39, 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 of the Hong Kong Institute of Certified Public Accountants and the CPA 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 54, 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.

## SENIOR MANAGEMENT

**Mr. Wong Chun**, aged 39, 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 58, 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.

The Directors have pleasure in presenting their report and the audited financial statements of the Group for the year ended 31 March 2012.

## 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 36.

The state of affairs of the Group at 31 March 2012 are set out in the consolidated statement of financial position on page 38.

## 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 changes in equity of this annual report on page 39.

## DIVIDENDS

The Board does not recommend the payment of the final dividend in respect of the year ended 31 March 2012 (2011: HK1.5 cents per share).

## 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 2012, the Company's reserves available for distribution to shareholders comprising share premium account and retained earnings amounted to approximately HK$92,191,000 (2011: 35,476,000). Under the Companies Law of the Cayman Islands, the share premium account of the Company of approximately HK$59,383,000 as at 31 March 2012 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)*
Mr. Wong Wing Fat *(Chief Executive Officer)*

### Independent Non-executive Directors

Mr. Ho Wai Hung
Ms. Cheung Kin, Jacqueline
Ms. Mak Yun Chu

In accordance with Article 84(1) of the Company's Articles of Association, Ms. Lee Yau Lin, Jenny and Mr. Ho Wai Hung 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' INTERESTS IN SHARES

As at 31 March 2012, 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/Beneficial owner | 310,880,000 | 46.93% |
| Mr. Wong Wing Fat ("Mr. Wong") (Note 2) | Interest in controlled corporation/Beneficial owner | 39,840,000 | 6.01% |
| Mr. Ho Wai Hung (Note 3) | Beneficial owner | 400,000 | 0.06% |
| Ms. Cheung Kin, Jacqueline (Note 3) | Beneficial owner | 400,000 | 0.06% |
| Ms. Mak Yun Chu (Note 3) | Beneficial owner | 400,000 | 0.06% |

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. The remaining interests in 4,000,000 shares are share options granted by the Company to Ms. Lee on 11 July 2011.

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. The remaining interests in 4,000,000 shares are share options granted by the Company to Mr. Wong on 11 July 2011.

3. These shares in interests are share options granted by the Company to respective Directors on 11 July 2011.

Save as disclosed above, as at 31 March 2012, 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 2012, 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 | 46.33% |
| Mr. Leung Kai Tong, Tommy (Note 2) | Family Interest | 310,880,000 | 46.93% |
| Fastray (Note 3) | Beneficial Owner | 35,840,000 | 5.41% |
| Ms. Fu Ching Man (Note 4) | Family Interest | 39,840,000 | 6.01% |

Notes:

1. Conrich is an investment holding company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is wholly and beneficially owned by Ms. Lee. These shares in interests are in duplicate the interests held by Ms. Lee and Mr. Leung Kai Tong, Tommy.

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 Ms. Lee is interested under Section 316(1) of the SFO.

3. Fastray is an investment holding company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is wholly and beneficially owned by Mr. Wong. These shares in interests are in duplicate the interests held by Mr. Wong and Ms. Fu Ching Man.

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 Mr. Wong is interested under Section 316(1) of the SFO.

Save as disclosed above, as at 31 March 2012, 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.

## 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

Details of the Company's share option scheme are set out in note 24 to the financial statements.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURE

Share options are granted to the directors of the Company under the Scheme. Details of the Company's share option scheme are set out in note 24 to the financial statements.

Save as disclosed above, 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.

## 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 35.8% of the Group's revenue and the largest customer included therein accounted for approximately 7.6% of the Group's revenue.

During the year, the Group's five largest suppliers accounted for approximately 97.9% of the Group's purchases and the largest supplier included therein accounted for approximately 95.5% 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 2012 (2011: 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 four financial years is set out on page 71 of this annual report.

## SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 30 to the financial statements.

## 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(e) 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 2012. 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 22 to 33 of this annual report.

## EVENT AFTER THE REPORTING PERIOD

Those events after the reporting period are set out in note 29 to the financial statements.

## INDEPENDENT AUDITOR

The financial statements for the year ended 31 March 2012 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

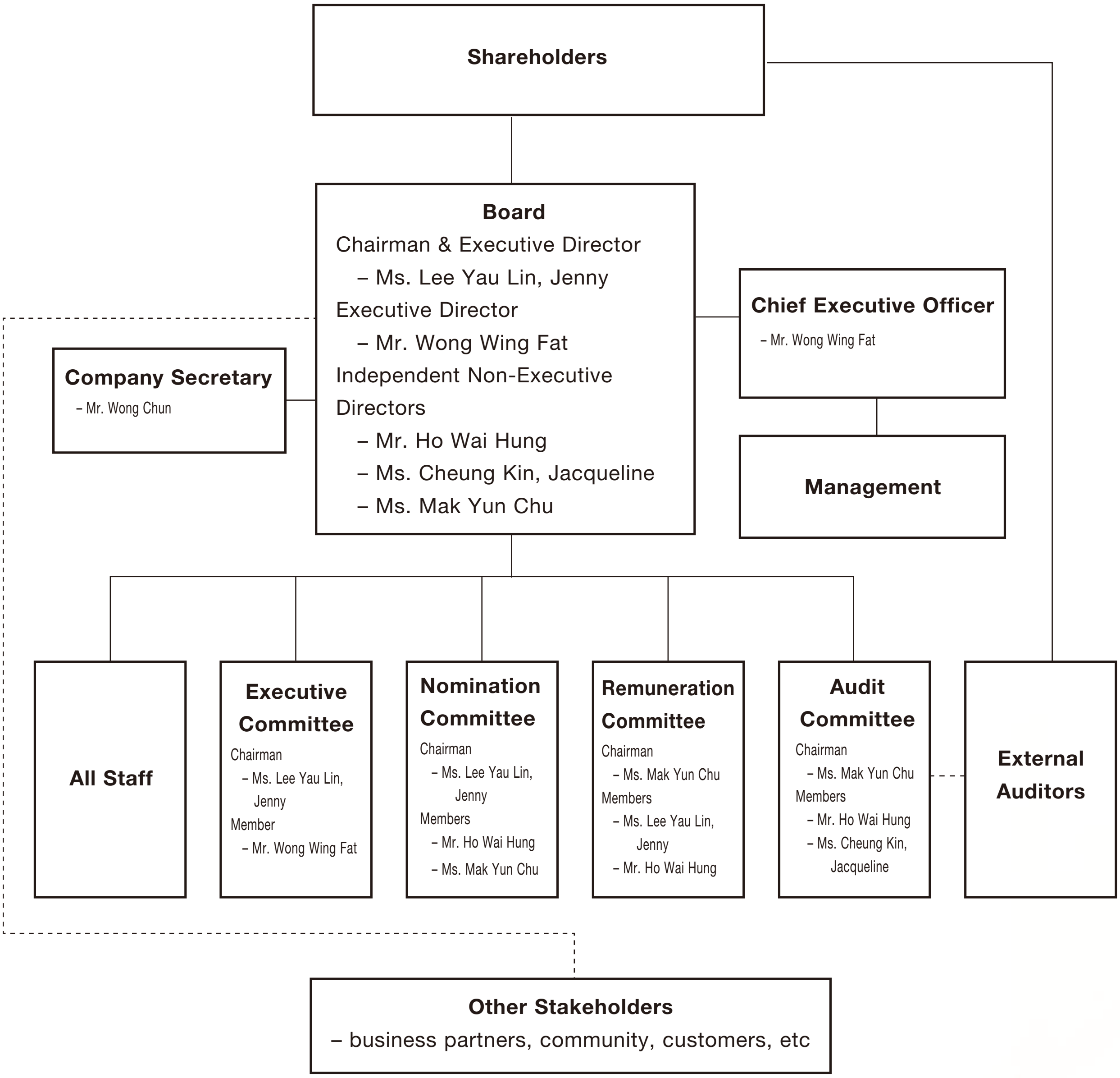
This annual report for the year ended 31 March 2012 has been reviewed by the Audit Committee of the Company, which was of the opinion that the information contained therein had complied with the disclosure requirements of the GEM Listing Rules, and that adequate disclosures had been made.

By order of the Board
**Lee Yau Lin, Jenny**
*Chairman*

Hong Kong, 22 June 2012

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 March 2012.

## CORPORATE GOVERNANCE FRAMEWORK



## 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.

## 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 year, 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.

*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 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, one-third of the Directors are subject to retirements at each annual general meeting and 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, Ms. Lee Yau Lin, Jenny and Mr. Ho Wai Hung shall retire at the forthcoming 2012 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.

## 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.

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.

Nine Board meetings, four Audit Committee meetings, one Remuneration Committee meeting and one Nomination Committee meeting were held during the financial year ended 31 March 2012. 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)* | **Remuneration Committee Meeting** *(attendance/ total no. of meetings held)* | **Nomination Committee Meeting** *(attendance/ total no. of meetings held)* |
|---|---|---|---|---|
| ***Executive Directors:*** | | | | |
| Ms. Lee Yau Lin, Jenny | 9/9 | N/A | 1/1 | 1/1 |
| Mr. Wong Wing Fat | 9/9 | N/A | N/A | N/A |
| ***Independent Non-executive Directors:*** | | | | |
| Mr. Ho Wai Hung | 9/9 | 4/4 | 1/1 | 1/1 |
| Ms. Mak Yun Chu | 9/9 | 4/4 | 1/1 | 1/1 |
| Ms. Cheung Kin, Jacqueline | 9/9 | 4/4 | N/A | 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 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 2012.

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.

## 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. 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.

Up to the date of this annual report, the Audit Committee met four 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 three months ended 30 June 2011, six months ended 30 September 2011, nine months ended 31 December 2011 and the year ended 31 March 2012, 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.

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 2012 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:

– 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.

### 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.

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; and

– Recommended on the re-appointment of retiring directors at the 2012 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.

### 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 review 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.

## 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 2012 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 2012, the Group is required to pay an aggregate of approximately HK$732,000 for auditors' remuneration, all of which is for audit 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".

## 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.lmfnoodle.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.lmfnoodle.com" after the relevant shareholders' meetings.

**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 36 to 70, which comprise the consolidated statement of financial position as at 31 March 2012, 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.

**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 2012, 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

22 June 2012

# Consolidated Income Statement

For the year ended 31 March 2012

| | Note | 2012 HK$'000 | 2011 HK$'000 |
|---|---|---|---|
| **Turnover** | 7 | **104,434** | 125,117 |
| Cost of goods sold | | **(78,815)** | (87,574) |
| **Gross profit** | | **25,619** | 37,543 |
| Other income | 8 | **491** | 60 |
| Selling expenses | | **(3,345)** | (2,260) |
| Administrative expenses | | **(14,485)** | (8,232) |
| Other operating expenses | | **(552)** | (2,091) |
| **Profit before tax** | | **7,728** | 25,020 |
| Income tax expense | 10 | **–** | – |
| **Profit for the year** | 11 | **7,728** | 25,020 |
| **Attributable to:** | | | |
| Owners of the Company | | **7,728** | 25,020 |
| **Earnings per share** | 14 | | |
| Basic | | **HK1.2 cents** | HK5.0 cents |
| Diluted | | **N/A** | N/A |

# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

| | 2012<br>HK$'000 | 2011<br>HK$'000 |
|---|---|---|
| **Profit for the year** | **7,728** | 25,020 |
| **Other comprehensive income for the year, net of tax:** | | |
| Exchange differences on translating foreign operations | **226** | 288 |
| **Total comprehensive income for the year** | **7,954** | 25,308 |
| **Attributable to:** | | |
| Owners of the Company | **7,954** | 25,308 |

# Consolidated Statement of Financial Position

At 31 March 2012

| | Note | 2012 HK$'000 | 2011 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Fixed assets | 15 | **10,167** | 2,395 |
| **Current assets** | | | |
| Inventories | 16 | **686** | 1,607 |
| Trade receivables | 17 | **17,187** | 20,826 |
| Prepayments and deposits | | **522** | 1,065 |
| Bank and cash balances | 18 | **86,676** | 46,799 |
| | | **105,071** | 70,297 |
| **Current liabilities** | | | |
| Trade payables | 19 | **8,162** | 9,172 |
| Accruals and other payables | | **2,297** | 1,286 |
| | | **10,459** | 10,458 |
| **Net current assets** | | **94,612** | 59,839 |
| **Total assets less current liabilities** | | **104,779** | 62,234 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 20 | **3** | 3 |
| **NET ASSETS** | | **104,776** | 62,231 |
| **Capital and reserves** | | | |
| Share capital | 21 | **6,624** | 5,520 |
| Reserves | 23 | **98,152** | 56,711 |
| **TOTAL EQUITY** | | **104,776** | 62,231 |

Approved by the Board of Directors on 22 June 2012

**Lee Yau Lin, Jenny**
*Director*

**Wong Wing Fat**
*Director*

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

| | Note | Share capital HK$'000 | Share premium (Note23(c)(i)) HK$'000 | Merger reserve (Note23(c)(ii)) HK$'000 | Share-based payment reserve (Note23(c)(iv)) HK$'000 | Foreign currency translation reserve (Note23(c)(v)) HK$'000 | Legal reserve (Note23(c)(vi)) HK$'000 | Retained profits HK$'000 | Proposed final dividend HK$'000 | Total equity HK$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| 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 and 1 April 2011 | | 5,520 | 20,092 | (4,246) | - | (691) | 485 | 31,135 | 9,936 | 62,231 |
| Issue of shares on placement | 21(e) | 1,104 | 39,744 | - | - | - | - | - | - | 40,848 |
| Share issue expenses | | - | (453) | - | - | - | - | - | - | (453) |
| Share-based payments | | - | - | - | 4,132 | - | - | - | - | 4,132 |
| Total comprehensive income for the year | | - | - | - | - | 226 | - | 7,728 | - | 7,954 |
| Dividends paid | | - | - | - | - | - | - | - | (9,936) | (9,936) |
| Changes in equity for the year | | 1,104 | 39,291 | - | 4,132 | 226 | - | 7,728 | (9,936) | 42,545 |
| At 31 March 2012 | | 6,624 | 59,383 | (4,246) | 4,132 | (465) | 485 | 38,863 | - | 104,776 |

# Consolidated Statement of Cash Flows



For the year ended 31 March 2012

| | 2012 HK$'000 | 2011 HK$'000 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before tax | **7,728** | 25,020 |
| Adjustments for: | | |
| Allowance for inventories | **320** | – |
| Depreciation | **567** | 521 |
| Equity-settled share-based payments | **4,132** | – |
| Fixed assets written off | **–** | 2 |
| Inventories written off | **28** | 16 |
| Interest income | **(491)** | (46) |
| Loss on disposals of fixed assets | **46** | – |
| Operating profit before working capital changes | **12,330** | 25,513 |
| Decrease/(increase) in inventories | **573** | (883) |
| Decrease/(increase) in trade receivables | **3,639** | (5,172) |
| Decrease/(increase) in prepayments and deposits | **543** | (455) |
| Decrease in trade payables | **(1,010)** | (216) |
| Increase/(decrease) in accruals and other payables | **219** | (115) |
| Net cash generated from operating activities | **16,294** | 18,672 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchases of fixed assets | **(7,542)** | (49) |
| Proceeds from disposals of fixed assets | **31** | – |
| Interest received | **491** | 46 |
| Net cash used in investing activities | **(7,020)** | (3) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of shares | **40,848** | 26,000 |
| Share issue expenses paid | **(453)** | (4,868) |
| Dividends paid | **(9,936)** | (8,000) |
| Net cash generated from financing activities | **30,459** | 13,132 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | **39,733** | 31,801 |
| Effect of foreign exchange rate changes | **144** | 172 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | **46,799** | 14,826 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **86,676** | 46,799 |
| **ANALYSIS OF CASH AND CASH EQUIVALENTS** | | |
| Bank and cash balances | **86,676** | 46,799 |

# Notes to the Financial Statements

For the year ended 31 March 2012

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands 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 are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 30 to the financial statements.

## 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 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, as if the group structure after Reorganisation had been in existence rather than from date of incorporation of the Company.

Details of accounting policy of merger accounting for business combinations under common control are set out in note 4(b).

## 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 2011. 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.

## 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 statements and statements of comprehensive income and consolidated statements 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 statements 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 2012 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.

## 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.

## 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.

## 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.

## 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) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) 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.

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.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (r) 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.

### (s) 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.

### (t) 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.

#### (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.

#### (d) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to serve industry cycles. The Group will reassess the estimates by the end of each reporting period.

## 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, Macau and the PRC.

## 6. FINANCIAL RISK MANAGEMENT (CONT'D)

### (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.

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 2012** | | | | |
| Trade payables | 8,162 | – | – | – |
| Accruals and other payables | 2,297 | – | – | – |
| At 31 March 2011 | | | | |
| Trade payables | 9,172 | – | – | – |
| Accruals and other payables | 1,286 | – | – | – |

### (d) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits. Bank deposits of approximately HK$55,179,000 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 2012

| | **2012** **HK$'000** | 2011 HK$'000 |
|---|---|---|
| **Financial assets:** | | |
| Loans and receivables (including cash and cash equivalents) | **104,017** | 67,839 |
| **Financial liabilities:** | | |
| Financial liabilities at amortised cost | **10,459** | 10,458 |

### (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.

## 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

| | **2012** | 2011 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Interest income | **491** | 46 |
| Others | **–** | 14 |
| | **491** | 60 |

## 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** | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Hong Kong | **1,591** | 1,530 | **17** | 21 |
| Macau | **–** | – | **48** | 175 |
| PRC except Hong Kong and Macau | **7,456** | 5,665 | **9,842** | 2,199 |
| Australia | **17,957** | 29,406 | **–** | – |
| Canada | **15,010** | 19,135 | **–** | – |
| Dubai U.A.E. | **7,663** | 8,165 | **–** | – |
| Malaysia | **25,941** | 34,344 | **–** | – |
| New Zealand | **7,494** | 6,872 | **260** | – |
| Thailand | **12,279** | 11,284 | **–** | – |
| United Kingdom | **7,263** | 7,482 | **–** | – |
| Others | **1,780** | 1,234 | **–** | – |
| Consolidated total | **104,434** | 125,117 | **10,167** | 2,395 |

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 2011 and 2012.

## 10. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2012 as the Group did not generate any assessable profits arising in Hong Kong (2011: Nil).

The subsidiary, Shui Ye Foods (Shanghai) Co., Ltd. ("Shui Ye"), operating in the PRC, is subject to corporate income tax rate of 25% (2011: 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 2012 (2011: Nil).

According to the current applicable laws of the Macau Special Administrative Region, Macau Complementary Tax is calculated at a progressive rate from 9% to 12% (2011: 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 Macau during the year is in compliance with the Decree-Law No. 58/99/M of Macau Special Administrative Region, and thus, the profits generated by the subsidiary is exempted from the Macau 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 2012**

| | **Macau** HK$'000 | **Hong Kong** HK$'000 | **PRC** HK$'000 | **Total** HK$'000 |
|---|---|---|---|---|
| Profit/(loss) before tax | 19,542 | (9,517) | (2,297) | 7,728 |
| Applicable income tax rate | 12% | 16.5% | 25% | |
| Tax at the applicable income tax rate | 2,345 | (1,570) | (574) | 201 |
| Tax effect of income not taxable | – | (35) | – | (35) |
| Tax effect of expenses not deductible | – | 1,500 | 80 | 1,580 |
| Tax effect of tax losses not recognised | – | 105 | 494 | 599 |
| Profits exempted from the Macau Complementary Tax | (2,345) | – | – | (2,345) |
| Income tax expense | – | – | – | – |

## 10. INCOME TAX EXPENSE (CONT'D)

For the year ended 31 March 2011

| | Macau 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 Macau Complementary Tax | (3,824) | – | – | (3,824) |
| Income tax expense | – | – | – | – |

## 11. PROFIT FOR THE YEAR

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

| | **2012 HK$'000** | 2011 HK$'000 |
|---|---|---|
| Allowance for inventories# | **320** | – |
| Auditor's remuneration | **732** | 704 |
| Cost of inventories sold (note) | **78,815** | 87,574 |
| Depreciation | **567** | 521 |
| Fixed assets written off | **–** | 2 |
| Inventories written off # | **28** | 16 |
| Loss on disposals of fixed assets | **46** | – |
| Net foreign exchange loss | **573** | 615 |
| Operating lease charges | | |
| – Land and buildings | **1,340** | 989 |
| Other equity-settled share-based payments | **957** | – |
| Staff costs including directors' emoluments | | |
| Salaries, bonus and allowances | **5,596** | 3,952 |
| Equity-settled share-based payments | **3,175** | – |
| Retirement benefit scheme contributions | **667** | 517 |
| | **9,438** | 4,469 |

# Included in cost of inventories sold

Note: Cost of inventories sold includes staff costs of approximately HK$1,297,000 (2011: HK$1,130,000), depreciation of approximately HK$118,000 (2011: HK$123,000) and operating lease charges of approximately HK$434,000 (2011: HK$419,000), which are included in the amounts disclosed separately above.

## 12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

| | Fees | Salaries and allowances | Discretionary bonus | Share-based payments | Retirement benefit scheme contributions | Total |
|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **Name of director** | | | | | | |
| Ms. Lee Yau Lin, Jenny | – | 480 | – | 383 | 12 | 875 |
| Mr. Wong Wing Fat | – | 688 | 45 | 383 | 12 | 1,128 |
| Mr. Ho Wai Hung | 60 | – | – | 38 | – | 98 |
| Ms. Cheung Kin, Jacqueline | 60 | – | – | 38 | – | 98 |
| Ms. Mak Yun Chu | 60 | – | – | 38 | – | 98 |
| Total for 2012 | 180 | 1,168 | 45 | 880 | 24 | 2,297 |
| 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 |
| Total for 2011 | 84 | 909 | – | – | 18 | 1,011 |

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 2012 (2011: 2). Details of those emoluments have been disclosed above. The emoluments of the remaining 3 (2011: 3) individuals are set out below:

| | **2012** | 2011 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Basic salaries and allowances | **845** | 737 |
| Share-based payments | **957** | – |
| Retirement benefit scheme contributions | **25** | 34 |
| | **1,827** | 771 |

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

The emoluments fell within the following band:

| | Number of individuals | |
|---|---|---|
| | **2012** | 2011 |
| Nil to HK$1,000,000 | **3** | 3 |

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

| | **2012** | 2011 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Special (note) | **–** | 8,000 |
| Proposed final of Nil (2011: HK1.5 cents) per ordinary share | **–** | 9,936 |
| | **–** | 17,936 |

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 to its then shareholders prior to the Reorganisation of the Group. The rate 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.

## 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$7,728,000 (2011: HK$25,020,000) and the weighted average number of ordinary shares of 649,429,508 (2011: 496,153,425) in issue during the year.

### 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 and 2012.

## 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 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 and 1 April 2011 | 1,015 | 1,571 | 2,196 | 356 | 5,138 |
| Additions | 325 | 7,999 | 10 | – | 8,334 |
| Disposals | – | – | (129) | – | (129) |
| Exchange differences | 36 | 58 | 57 | 13 | 164 |
| At 31 March 2012 | 1,376 | 9,628 | 2,134 | 369 | 13,507 |
| **Accumulated depreciation** | | | | | |
| At 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 and 1 April 2011 | 363 | 714 | 1,383 | 283 | 2,743 |
| Charge for the year | 162 | 138 | 228 | 39 | 567 |
| Disposals | – | – | (52) | – | (52) |
| Exchange differences | 12 | 27 | 33 | 10 | 82 |
| At 31 March 2012 | 537 | 879 | 1,592 | 332 | 3,340 |
| **Carrying amount** | | | | | |
| At 31 March 2012 | 839 | 8,749 | 542 | 37 | 10,167 |
| At 31 March 2011 | 652 | 857 | 813 | 73 | 2,395 |

## 16. INVENTORIES

| | 2012<br>HK$'000 | 2011<br>HK$'000 |
|---|---|---|
| Raw materials | **602** | 914 |
| Work in progress | **40** | 108 |
| Finished goods | **44** | 585 |
| | **686** | 1,607 |

## 17. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 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:

| | 2012<br>HK$'000 | 2011<br>HK$'000 |
|---|---|---|
| 0 to 90 days | **15,984** | 20,602 |
| 91 to 180 days | **1,203** | 89 |
| 181 to 365 days | **–** | 135 |
| | **17,187** | 20,826 |

As of 31 March 2012, trade receivables of approximately HK$429,000 (2011: HK$3,750,000) 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:

| | 2012<br>HK$'000 | 2011<br>HK$'000 |
|---|---|---|
| Overdue by: | | |
| Up to 90 days | **429** | 3,615 |
| 91 to 180 days | **–** | 135 |
| | **429** | 3,750 |

Subsequent to 31 March 2012, the Group received cash settlement amount of approximately HK$428,000 for balances overdue. 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.

## 17. TRADE RECEIVABLES (CONT'D)

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

| | **2012** | 2011 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| HK$ | **315** | 221 |
| USD | **15,466** | 19,918 |
| RMB | **1,406** | 687 |
| Total | **17,187** | 20,826 |

## 18. BANK AND CASH BALANCES

As at 31 March 2012, the bank and cash balances of the Group denominated in RMB amounted to approximately HK$337,000 (2011: HK$94,000). 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:

| | **2012** | 2011 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| 0 to 90 days | **8,096** | 9,025 |
| 91 to 180 days | **66** | 147 |
| | **8,162** | 9,172 |

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

| | **2012** | 2011 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| USD | **7,629** | 8,669 |
| RMB | **533** | 503 |
| Total | **8,162** | 9,172 |

## 20. DEFERRED TAX LIABILITIES

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

| | Accelerated tax depreciation HK$'000 |
|---|---|
| At 1 April 2010, 31 March 2011, 1 April 2011 and 31 March 2012 | 3 |

At the end of the reporting period, the Group has unused tax losses of approximately HK$16,714,000 (2011: HK$18,140,000) 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 2012, the unrecognised tax losses of approximately HK$2,295,000, HK$3,717,000, HK$2,433,000, HK$1,991,000 and HK$1,966,000 will expire on 31 March 2013, 2014, 2015, 2016 and 2017 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 |
| At 31 March 2011, 1 April 2011 and 31 March 2012 | | 1,000,000,000 | 10,000 |
| 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 |
| At 31 March 2011 and 1 April 2011 | | 552,000,000 | 5,520 |
| Issue of shares on placement | (e) | 110,400,000 | 1,104 |
| At 31 March 2012 | | 662,400,000 | 6,624 |

## 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 1 April 2010.

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 alloted 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.

(e) On 29 April 2011, the Company, Conrich Investments Limited ("Conrich"), Ms. Lee Yau Lin, Jenny (Chairman of the Company and beneficial owner of 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 ordinary shares of HK$0.01 each at a 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. The placing and subscription were completed on 5 May 2011 and 13 May 2011 respectively and the premium on the issue of shares, amounting to approximately HK$39,291,000, net of share issue expenses, was credited to the Company's share premium account.

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 2012, 48.26% of the shares were in public hands.

## 22. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | Note | 2012 HK$'000 | 2011 HK$'000 |
|---|---|---|---|
| Investment in subsidiaries | | **21,546** | 21,545 |
| Due from subsidiaries | | **46,887** | 27,992 |
| Bank balances | | **52,483** | 10,019 |
| Accruals and other payables | | **(904)** | (677) |
| Due to subsidiaries | | **–** | (818) |
| **NET ASSETS** | | **120,012** | 58,061 |
| Share capital | | **6,624** | 5,520 |
| Reserves | *23(b)* | **113,388** | 52,541 |
| **TOTAL EQUITY** | | **120,012** | 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 | Share-based payment reserve 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 and 1 April 2011 | | 20,092 | 17,065 | – | 5,448 | 9,936 | 52,541 |
| Issue of shares on placement | 21(e) | 39,744 | – | – | – | – | 39,744 |
| Share issue expenses | | (453) | – | – | – | – | (453) |
| Share-based payments | | – | – | 4,132 | – | – | 4,132 |
| Profit for the year | | – | – | – | 27,360 | – | 27,360 |
| Dividend paid | | – | – | – | – | (9,936) | (9,936) |
| At 31 March 2012 | | 59,383 | 17,065 | 4,132 | 32,808 | – | 113,388 |

## 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) Share-based payment reserve*

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(o) to the financial statements.

*(v) 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.

*(vi) Legal reserve*

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

## 24. SHARE-BASED PAYMENTS

### Equity-settled share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries. The Scheme became effective on 26 September 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 10 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

## 24. SHARE-BASED PAYMENTS (CONT'D)

Details of the share options outstanding during the year are as follows:

| Name or category of grantees | Date of grant | Number of share options granted during the year and held as at 31 March 2012 | Exercise price HK$ | Exercise period |
|---|---|---|---|---|
| **Directors** | | | | |
| Ms. LEE Yan Lin, Jenny | 11 July 2011 | 4,000,000 | 0.355 | 11 July 2011 - 10 July 2016 |
| Mr. WONG Wing Fat | 11 July 2011 | 4,000,000 | 0.355 | 11 July 2011 - 10 July 2016 |
| Mr. HO Wai Hung | 11 July 2011 | 400,000 | 0.355 | 11 July 2011 - 10 July 2016 |
| Ms. CHEUNG Kin, Jacqueline | 11 July 2011 | 400,000 | 0.355 | 11 July 2011 - 10 July 2016 |
| Ms. MAK Yun Chu | 11 July 2011 | 400,000 | 0.355 | 11 July 2011 - 10 July 2016 |
| **Employees** | 11 July 2011 | 24,000,000 | 0.355 | 11 July 2011 - 10 July 2016 |
| **Consultants** | 11 July 2011 | 10,000,000 | 0.355 | 11 July 2011 - 10 July 2016 |
| | | 43,200,000 | | |

| | **2012** | | 2011 | |
|---|---|---|---|---|
| | **Number of share options** | **Weighted average exercise price HK$** | Number of share options | Weighted average exercise price HK$ |
| Outstanding at the beginning of the year | **–** | **–** | – | – |
| Granted during the year | **43,200,000** | **0.355** | – | – |
| Outstanding at the end of the year | **43,200,000** | **0.355** | – | – |
| Exercisable at the end of the year | **43,200,000** | **0.355** | – | – |

The options outstanding at the end of the year have a weighted average remaining contractual life of 4.28 years (2011: Nil) and the exercise price is HK$0.355 (2011: Nil). The share options were granted on 11 July 2011 and the estimated fair values of the options was approximately HK$4,132,000.

## 24. SHARE-BASED PAYMENTS (CONT'D)

These fair values were calculated using the Black-Scholes pricing model. The inputs into the model are as follows:

| | Share options granted on 11 July 2011 |
|---|---|
| Share price at the date of grant | HK$0.355 |
| Exercise price | HK$0.355 |
| Expected volatility | 80.72% |
| Expected life | 1 year |
| Risk free rate | 0.15% |
| Expected dividend yield | 4.28% |

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 271 days. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

Share options granted to consultants were incentives for helping the Group expand its business network, acquire and explore new business projects and opportunities. The fair value of such benefit could not be estimated reliably and as a result, the fair value is measured by reference to the fair value of share options granted.

The Group recorded total expenses of approximately HK$4,132,000 (2011: Nil) during the year in respect of the Scheme.

## 25. CONTINGENT LIABILITIES

As at 31 March 2012, the Group did not have any significant contingent liabilities (2011: Nil).

## 26. CAPITAL COMMITMENTS

As at 31 March 2012, the Group did not have any significant capital commitments (2011: Nil).

## 27. LEASE COMMITMENTS

At 31 March 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

| | **2012** | 2011 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Within one year | **1,065** | 1,062 |
| In the second to fifth years inclusive | **18** | – |
| | **1,083** | 1,062 |

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.

## 28. 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.

## 29. EVENTS AFTER THE REPORTING PERIOD

(a) On 25 May 2012, the Group entered into an agreement to acquire the entire issued share capital of Eminent Along Limited ("Eminent Along") at a consideration of HK$100,000,000, satisfied by cash. Eminent Along and its associate, Goldenbase Ltd. ("Goldenbase") were principally engaged in investment holding. The wholly-owned subsidiary of Goldenbase, Royal Dragon Corporation Limited will soon commence the business of coal trading in the PRC through a joint cooperation agreement.

On the same day, a facility letter was entered into between the Company and Goldenbase, pursuant to which the Company has conditionally agreed to provide the facilities to Goldenbase of up to HK$5,000,000 for the purpose of financing the initial working capital of Goldenbase upon completion of the acquisition of Eminent Along.

As the Group has not yet completed the fair value determination of the acquired companies' identifiable assets and liabilities at the acquisition date, the disclosure of such amounts and amount of goodwill is impracticable.

## 29. EVENTS AFTER THE REPORTING PERIOD (CONT'D)

(b) On 12 June 2012, the Company and the placing agent entered into a placing agreement, pursuant to which the placing agent agreed to procure not less than six placees to purchase up to 300,000,000 shares at placing price of HK$0.17 per share.

The estimated net proceeds from the placement of approximately HK$49.6 million will be applied towards part of the consideration for the acquisition of Eminent Along.

On the same day, the Board of Directors purposed to increase the authorised share capital of the Comapny from HK$10,000,000 divided into 1,000,000,000 shares to HK$20,000,000 divided into 2,000,000,000 shares by the creation of an additional 1,000,000,000 shares.

The placing and the increase in authorised share capital will be subject to shareholders' approval at the extraordinary general meeting to be held in July 2012.

## 30. SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2012 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 | Macau | MOP1,000,000 | – | 100% | Wholesales of packed foods |
| Pacific Asset International Limited | Hong Kong | Ordinary HK$10,000 | – | 100% | Investment holding |
| Paraburdoo | The British Virgin Islands | 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$1,593,000 has been paid up as at 31 March 2012.

## 31. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 22 June 2012.

# Financial Summary

A summary of the Group's results for the four financial years and the assets and liabilities of the Group as at 31 March 2012, 2011, 2010 and 2009, as extracted from the published audited financial statements for the years ended 31 March 2012 and 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.

| | Year ended 31 March | | | |
|---|---|---|---|---|
| | **2012** | 2011 | 2010 | 2009 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 |
| **RESULTS** | | | | |
| Turnover | **104,434** | 125,117 | 102,300 | 58,012 |
| **Profit attributable to:** | | | | |
| Owners of the Company | **7,728** | 25,020 | 17,194 | 9,665 |

| | As at 31 March | | | |
|---|---|---|---|---|
| | **2012** | 2011 | 2010 | 2009 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 |
| **ASSETS AND LIABILITIES** | | | | |
| Total assets | **115,238** | 72,692 | 34,583 | 24,885 |
| Total liabilities | **(10,462)** | (10,461) | (10,792) | (8,288) |
| Net assets | **104,776** | 62,231 | 23,791 | 16,597 |