TIANDA HOLDINGS

Annual Report 2011

天大控股有限公司
TIANDA HOLDINGS LIMITED

(Formerly Yunnan Enterprises Holdings Limited, incorporated in the Cayman Islands with limited liability. Stock Code: 00455)

CONTENTS

BOARD OF DIRECTORS

Executive Directors

Mr. Fang Wen Quan
(Chairman and Managing Director)
Mr. Li Suiming
Mr. Liu Huijiang

Independent Non-Executive Directors

Mr. Chiu Sung Hong
Mr. Chiu Fan Wa
Mr. Lam Yat Fai

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

HONG KONG LEGAL ADVISERS

Woo, Kwan, Lee & Lo
25th Floor, Jardine House
1 Connaught Place
Hong Kong

COMPANY SECRETARY

Mr. Lo Tai On

AUDIT COMMITTEE

Mr. Chiu Sung Hong *(Chairman)*
Mr. Chiu Fan Wa
Mr. Lam Yat Fai

REMUNERATION COMMITTEE

Mr. Fang Wen Quan *(Chairman)*
Mr. Chiu Sung Hong
Mr. Chiu Fan Wa
Mr. Lam Yat Fai

NOMINATION COMMITTEE

Mr. Chiu Sung Hong *(Chairman)*
Mr. Fang Wen Quan
Mr. Lam Yat Fai

RISK MANAGEMENT COMMITTEE

Mr. Chiu Sung Hong *(Chairman)*
Mr. Fang Wen Quan
Mr. Lam Yat Fai

PRINCIPAL BANKERS

Bank of Communications
The Hongkong and Shanghai Banking
Corporation Limited

REGISTERED OFFICE

Winward 1
Regatta Office Park
West Bay Road
Grand Cayman
Cayman Islands
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 2405-2410, 24th Floor
CITIC Tower
No. 1 Tim Mei Avenue
Central
Hong Kong

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
(stock code: 00455)

CORPORATE WEBSITE

www.tiandaholdings.com

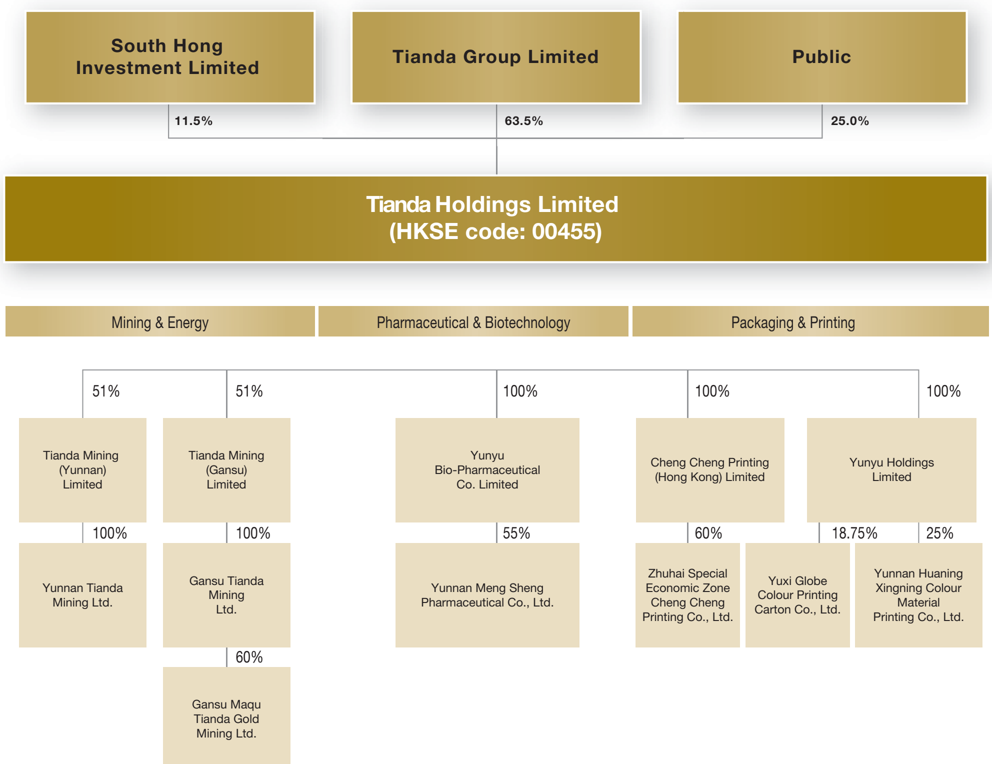
Tianda Holdings Limited (the "Company") is a company incorporated in the Cayman Islands with limited liability. It was formerly known as Yunnan Enterprises Holdings Limited and its name was changed on 5 July 2011. It is listed on the main board of The Stock Exchange of Hong Kong Limited. Its principal activity is investment holding. The Company and its subsidiaries (the "Group") are principally engaged in three businesses, namely, (i) the research, development, production and sales of pharmaceutical and biotechnological products; (ii) the exploration and project investments of mining and energy; and (iii) packaging and printing.

The controlling shareholder of the Company is Tianda Group Limited ("Tianda Group"), which holds approximately 63.5% of the issued share capital of the Company. Tianda Group is headquartered in Hong Kong and has established regional head offices in Sydney, Australia and Shenzhen, China. Tianda Group primarily focuses on the development of health industries, in particular the pharmaceutical, biotechnology and health care industries. In addition, Tianda Group is dedicated to the investment and development in mining, energy and other natural resources and engages in provision of financial services, real estate, and packaging and printing businesses.

South Hong Investment Limited ("South Hong") is a substantial shareholder of the Company holding approximately 11.5% of the issued share capital of the Company. South Hong is an investment holding company incorporated in Hong Kong. The controlling shareholder of South Hong is Hongta Tobacco (Group) Limited, which is a state-owned enterprise in Yunnan, China, and is the largest tobacco enterprise in China.

Below is a simplified chart of the Group as at 31 March 2011:

COMPANY STRUCTURE



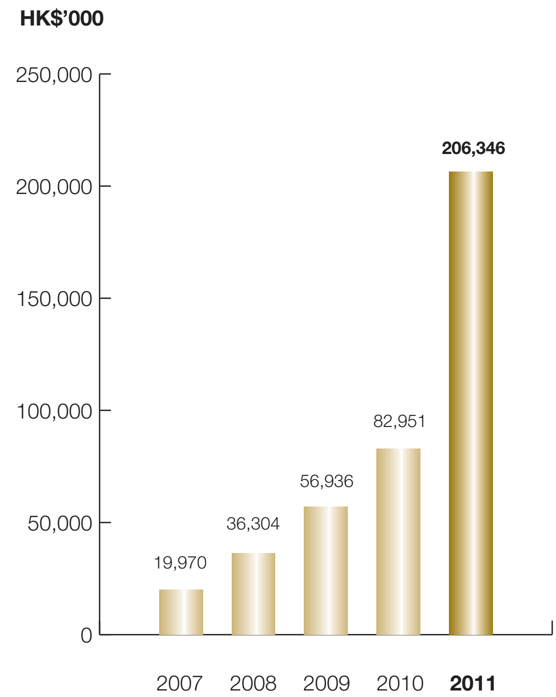
FINANCIAL SUMMARY

RESULTS

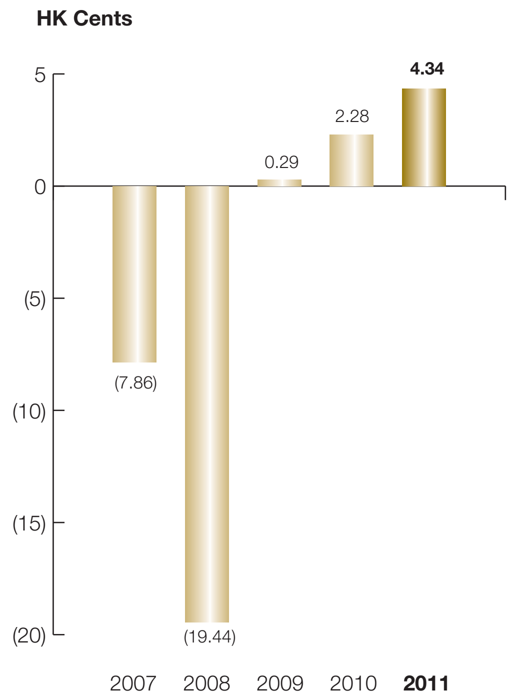
	Year ended 31 March				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	19,970	36,304	56,936	82,951	**206,346**
Profit (loss) before tax	(37,011)	(110,085)	19,328	50,936	**120,155**
Income tax expense	(56)	(2,831)	(5,638)	(10,244)	**(18,718)**
Profit (loss) for the year	(37,067)	(112,916)	13,690	40,692	**101,437**
Profit (loss) attributable to:					
Owners of the Company	(39,811)	(121,350)	2,752	21,287	**67,427**
Non-controlling interests	2,744	8,434	10,938	19,405	**34,010**
	(37,067)	(112,916)	13,690	40,692	**101,437**
	HK cents	HK cents	HK cent	HK cents	**HK cents**
Basic earnings per share	(7.86)	(19.44)	0.29	2.28	**4.34**

ASSETS AND LIABILITIES

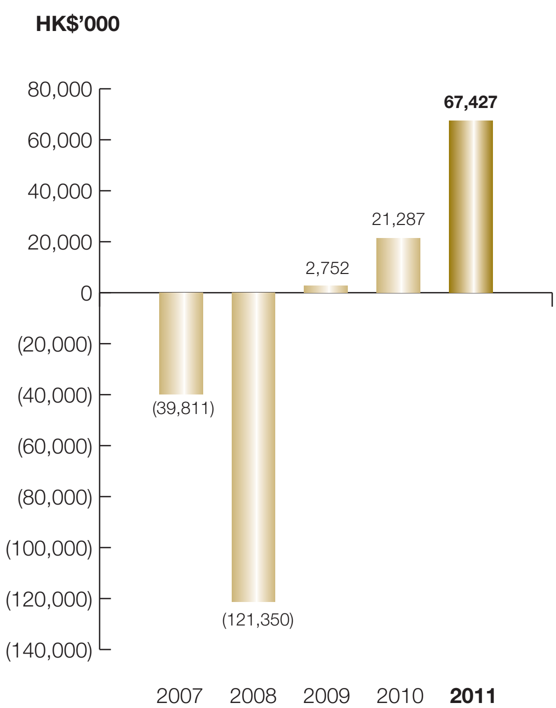
	At 31 March				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Non-current assets	126,244	140,162	141,487	108,425	**279,272**
Current assets	76,106	267,443	296,738	353,331	**711,573**
Current liabilities	(5,703)	(7,328)	(23,438)	(20,422)	**(124,418)**
Non-current liabilities	(2,537)	(2,505)	(2,173)	(2,433)	**(24,195)**
	194,110	397,772	412,614	438,901	**842,232**
Equity attributable to owners of the Company	176,855	379,929	387,816	409,880	**676,296**
Non-controlling interests	17,255	17,843	24,798	29,021	**165,936**
	194,110	397,772	412,614	438,901	**842,232**



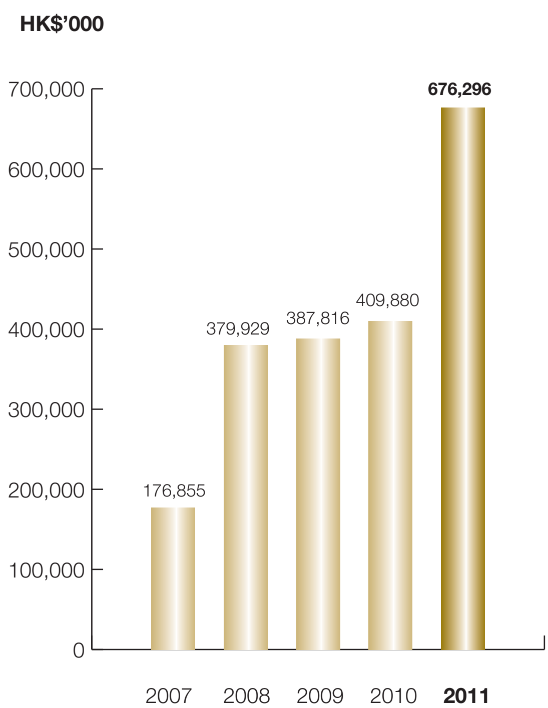
Revenue



Basic earnings per share



Profit (loss) attributable to owners of the Company



Equity attributable to owners of the Company

EXECUTIVE DIRECTORS

Mr. Fang Wen Quan, aged 42, was appointed as an executive Director in 2003. He is the Chairman of the Board, the Managing Director and the Chairman of the remuneration committee of the Company. He was appointed as a member of nomination committee and risk management committee on 22 July 2009. He is also the Chairman and General Manager of Tianda Group (the controlling Shareholder), Tianda Pharmaceuticals Limited and Tianda Resources Limited. Since 2007, Mr. Fang has been appointed by the government of New South Wales, Australia as a member of NSW-Asia Business Council.

Mr. Li Suiming, aged 53, was appointed as an executive Director in 2004. Mr. Li is a senior engineer, graduated from Yunnan Polytechnic College. Mr. Li studied the master program of International Economic and Trade Relationships of Tianjin NanKai University in 2002 and obtained a master degree in 2004. Mr. Li held the posts of workshop chief and chief engineer in Yuxi Cigarette Factory from 1975 to 1997. He was appointed as the Vice President of Hongta Group in 1997. From 2003 to 2006, Mr. Li was also the Chairman of Yunnan Hongta Group Company Limited (formerly known as Yunnan Hongta Investment Company Limited). In 2006, he was promoted to the position of President of Hongta Group.

Mr. Liu Huijiang, aged 55, was appointed as an executive Director in 2006. He is a senior engineer, graduated from College of Water Resources and Hydroelectric Engineering (now Wuhan University). Mr. Liu held the posts of design department head, assistant factory manager and factory manager of Yuxi Hydropower Supplies Factory from 1976 to 1993. He was appointed as deputy general manager of Yunnan Hongta Group Company Limited (formerly known as Yunnan Hongta Investment Company Limited) from January 1994. Mr. Liu is also the director of SDIC Yunnan Dachaoshan Hydropower Company Limited, Yunnan Huaneng Lancang River Hydropower Company Limited, Hongta Financial Investment Company Limited, Yunnan Baiyao Group Company Limited and Kunming Pharmaceutical Corporation.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chiu Sung Hong, aged 64, was appointed as an independent non-executive Director, a member of the remuneration committee, the chairman and a member of the audit committee of the Company with effect from 10 April 2008. Mr. Chiu was appointed as the Chairman of nomination committee and risk management committee on 22 July 2009. He received an LL.B. degree from the University of Sydney. He is admitted as a solicitor of the Supreme Court of New South Wales and the High Court of Australia. He has over 30 years of experience in legal practice. Mr. Chiu is the founding member of the Board of Trustees of the Australian Nursing Home Foundation and served as the General Secretary of Australian Chinese Community Association of New South Wales. Mr. Chiu is an independent non-executive director of the CNOOC Limited.

Mr. Chiu Fan Wa, aged 46, was appointed as an independent non-executive Director, a member of the remuneration committee and audit committee of the Company on 31 March, 2009. Mr. Chiu is a founder and the managing director of Chiu, Choy & Chung C.P.A. Limited, and a partner of F. S. Li & Co,. He graduated from City University of Hong Kong and obtained a Bachelor of Arts (Honours) degree with major in accountancy in 1992 and was awarded a Master of Professional Accounting from The Hong Kong Polytechnic University in 2002. He is a Certified Public Accountant (Practising) in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, an Associate Member of the Institute of the Chartered Accountants in England and Wales, a member of The Society of Chinese Accountants & Auditors, an associate of The Hong Kong Institute of Chartered Secretaries and an associate of The Institute of Chartered Secretaries and Administrators, United Kingdom, a fellow member of The Taxation Institute of Hong Kong and a certified Tax Adviser. Mr. Chiu is also an independent non-executive director of Kenford Group Holdings Limited which is listed on the Stock Exchange.

Mr. Lam Yat Fai, aged 45, was appointed as an independent non-executive Director, a member of the remuneration committee and a member of audit committee of the Company in 2004. He was appointed as a member of nomination committee and risk management committee on 22 July 2009. He is a Certified Public Accountant (Practising). He is also a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Lam worked with Kwan Wong Tan & Fong and Deloitte Touche Tohmatsu for over 10 years. Mr. Lam has over 19 years of experience in auditing, taxation, corporate finance and accounting. Mr. Lam is also an independent non-executive director of G-Prop (Holdings) Limited and Oriental Press Group Limited, both of which are listed on the main board of the Stock Exchange.

The year ended 31 March 2011 ("FY2011") marked another remarkable year of the Group, after that for the year ended 31 March 2010 ("FY2010"), where improvements in operating and financial results continued. For FY2011, the Group recorded revenue of approximately HK$206.3 million, which represented an increase of 148.8% over that of HK$83.0 million for FY2010. Profit attributable to shareholders of the Company also increased significantly by approximately 216.7%, from HK$21.3 million for FY2010 to approximately HK$67.4 million for FY2011. While the economies in the United States and Europe remained stagnant without prominent signs of recovery from the outbreak of global financial crisis happened in 2008, the economy of China remained strong, in particular, the domestic consumption promoted by governmental policies. With its businesses focused in China, the Group continued to benefit from the economic growth of China during FY2011.

BUSINESS REVIEW

The significant increase in both the revenue and profit attributable to shareholders of the Company for FY2011 was mainly attributable to the continuous growth in revenue and profit of Yunnan Meng Sheng Pharmaceutical Co., Limited ("Meng Sheng Pharmaceutical"), the flagship company of our pharmaceutical and biotechnological business, and the completion of the acquisition of Zhuhai Special Economic Zone Cheng Cheng Printing Co., Ltd. ("Cheng Cheng Printing") on 1 October 2010, which results started to be consolidated in the Group's accounts.

During FY2011, the Group also streamlined its operations by disposing of two non-core assets, namely, the idle land at Zhuhai and the investment property at Sheung Wan. The disposal of its entire 48% interest in Shenzhen Xinpeng Biotechnology Engineering Co., Ltd., which results deteriorated over the years and the Group's interest in it was non-controlling, also completed during FY2011. The gains from these disposals also contributed to the increase in profit attributable to shareholders of the Company for FY2011.

BUSINESS OUTLOOK

Pharmaceutical and biotechnology business has been the industry in which the Group focused its resources and development in recent years. The continuous success of Meng Sheng Pharmaceutical in achieving significant growth both in revenue and net profit has been encouraging. The management believes that the pharmaceutical sector in China will continue to grow rapidly in the coming years, being fuelled by the following favourable factors: (i) the rapid growth of China's GNP and its individual's disposable income; (ii) its aging population and the increase in average life expectancy; (iii) increased awareness in health; and (iv) the implementation of healthcare reforms as well as increase in government spending on various healthcare programs. Being the market leader both in the market share and manufacture process in its flagship product, Cerebroprotein Hydrolysate for Injection, the Group is confident that Meng Sheng Pharmaceutical will benefit from the growth of the pharmaceutical sector in China. In addition, its other pharmaceutical products have also shown considerable growth in the sales volume and profit contribution and the Group believes that such trend will be kept. Going forward, Meng Sheng Pharmaceutical will continue its efforts in the research and development of new products, improvement in the production flow and expansion of its sales and distribution network. Regarding the latter, it will be looking for both expansion of sales in the China domestic market as well as exploration in overseas markets. Cerebroprotein Hydrolysate for Injection has recently gained the permission for sale in India and the Group will be actively pursuing its sales there. Moreover, the Group will start its application for registration in Russia in this year with a view to realising sales there soon.

In order to capitalize opportunities of the pharmaceutical sector of China in the coming years, apart from the organic growth of Meng Sheng Pharmaceutical, the Group will also be directing its resources on further expansion of its pharmaceutical and biotechnology business through acquisitions. The Group will utilize its experience and knowledge on this sector in seeking potential opportunities prudently.

For mining and energy business, consistent with previous years, the Group will continue to adopt an active and cautious investment approach.

With the completion of acquisition of Cheng Cheng Printing in October 2010, the Group's income base from its packaging and printing business has been enhanced. Cheng Cheng Printing is one of the largest printing enterprises in Zhuhai and is equipped with world-class production machinery imported overseas. Apart from serving orders from cigarettes producers, its customer base includes suppliers in the areas of pharmacy and other consumer products. With the continuous growth in the consumer market in China, the Group is confident that its packaging and printing business will benefit. This line of business will continue to provide a stable source of income to the Group for its development on one hand, and could provide ancillary services to the further expansion and development of the Group's pharmaceutical and biotechnology business on the other hand.

The pharmaceutical industry has been included as one of the industries that will be supported by the Chinese Government in its Twelfth Five-Year Plan. With the continuous improvements in the operating results over the past three financial years and efforts to streamline its business model, the Group is now on a much stronger foundation for grasping opportunities and facing challenges offered by the pharmaceutical industry in China in the financial year ahead. The Board of Directors together with the staff of the Group will continue their best efforts to strive for better results of the Group and higher return to the shareholders of the Company.

CHANGE OF COMPANY NAME

The operating results of the Group improved significantly over the past three financial years and the Board of Directors believed that it would be an appropriate opportunity to have a change in the name of the Company so as to give it a new corporate image and identity. The Board also believed that this would further promote the Group's business development and was therefore in the best interest of the Company and its shareholders as a whole. All necessary procedures for the name change were completed and the name of the Company was changed to "Tianda Holdings Limited 天大控股有限公司" on 5 July 2011.

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Directors have recommended the payment of a final dividend of HK0.72 cent (2010: HK0.45 cent) per share and a special dividend of HK0.66 cent per share (2010: nil) for FY2011 to shareholders whose names appear on the register of members of the Company on 16 September 2011. The proposed final dividend and the proposed special dividend together make a total dividend of HK1.38 cents per share for the year. These dividends are expected to be paid on or before 30 September 2011, subject to shareholders' approval at the forthcoming 2011 Annual General Meeting.

The register of members of the Company will be closed on Thursday and Friday, 15 and 16 September 2011, whereby no transfer of shares will be registered. In order to qualify for the proposed final dividend and the proposed special dividend, all completed forms of transfers with the relevant share certificate(s) must be lodged with the Company's Registrar, Tricor Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 14 September 2011.

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to our customers, suppliers, business partners and shareholders for their support. I would also like to take this opportunity to thank our colleagues on the Board and the staff members of the Group for their hard work, loyal services and contributions rendered.

FANG WEN QUAN
Chairman

FINANCIAL REVIEW

For FY2011, the Group recorded revenue of approximately HK$206.3 million versus HK$83.0 million for FY2010, representing an increase of approximately 148.8%. Gross profit for FY2011 amounted to approximately HK$120.4 million and represented an increase of 90.0% as compared to HK$63.4 million for FY2010. The increase in revenue and gross profit were attributable to the significant increase in revenue from the pharmaceutical and biotechnology business during the year and the Group started to consolidate the operation of Cheng Cheng Printing from 1 October 2010 onward upon completion of its acquisition.

Upon consolidation of the operation of Cheng Cheng Printing during the year, distribution and selling expenses, administrative expenses and other expenses increased accordingly in FY2011.

During FY2011, the Group completed the disposals of a land at Zhuhai, its entire 48% interest in Shenzhen Xinpeng Biotechnology Engineering Co., Limited and an investment property in Hong Kong. The gains on these disposals were approximately HK$4.5 million, HK$15.7 million and HK$12.4 million respectively.

Profit attributable to shareholders of the Company for FY2011 amounted to HK$67.4 million versus HK$21.3 million for FY2010 and earnings per share for FY2011 were approximately HK4.34 cents (FY2010: approximately HK2.28 cents), representing an increase of approximately 90.4%.

BUSINESS REVIEW

Pharmaceutical and Biotechnology

For FY2011, the Group's pharmaceutical and biotechnology business was carried out through its 55% owned subsidiary, Meng Sheng Pharmaceutical, which is located in Kunming, Yunnan Province.

Meng Sheng Pharmaceutical

During FY2011, Meng Sheng Pharmaceutical recorded revenue of approximately HK$103.7 million, representing an increase of 33.8% over that of HK$77.5 million for FY2010. Gross profit margin increased from 74.7% for FY2010 to 79.6% for FY2011 while net profit for FY2011 amounted to approximately HK$62.4 million, representing an increase of 38.6% over that of HK$45.0 million for FY2010. Net profit margin increased from 58.1% for FY2010 to 60.2% for FY2011.

The increase in revenue was attributable to both an increase in quantities sold of almost all types of products and an increase in the unit selling price of our flagship product, Cerebroprotein Hydrolysate for Injection. Other products such as Aceglutamide for Injection, Amoxicillin Capsules, Ampicillin Capsules and Vinpocetine for Injection all have their revenues for FY2011 increased as compared to FY2010. Besides revenue, cost control measures were effectively implemented throughout FY2011, bringing the increase in both the gross profit margin and the net profit margin for FY2011.

Shenzhen Xinpeng Biotechnology Engineering Co., Limited ("Xinpeng Biotechnology")

In order to enhance the Group's overall return on equity and after taking into account the prospects of Xinpeng Biotechnology, the Company, through its wholly-owned subsidiary, entered into an agreement to dispose of its entire 48% interest in Xinpeng Biotechnology on 30 March 2010. The disposal was completed on 19 November 2010 and the Group recorded a gain on disposal of approximately HK$15.7 million.

Pharmaceutical and biotechnology business remained the Group's important revenue and profit driver for FY2011. The increase in the volume of sales, the increase in the unit selling price of Cerebroprotein Hydrolysate for Injection and the effective implementation of cost control measures have all contributed to the further improvements in the operating and financial results of the Group for FY2011 when compared to FY2010. The Group will continue to devote its resources towards the further development and expansion of its pharmaceutical and biotechnology business.

Mining and Energy

The Group's mining and energy business is operated by its two non-wholly owned subsidiaries, namely Yunnan Tianda Mining Ltd. ("Yunnan Tianda Mining") and Gansu Tianda Mining Ltd. ("Gansu Tianda Mining"), in both of which the Group has an effective equity interest of 51%.

Yunnan Tianda Mining

As at 31 March 2011, Yunnan Tianda Mining operated exploration projects at each of Dongchuan District, Huize County, Weixi County and Deqin County in Yunnan Province and held exploration rights in the first three projects. Below is a summary of information on these projects.

Tenement	Site Area (sq. km.)	Potential Ore Deposits	Stage in Progress
Dongchuan District	7.7	Copper, Lead, Zinc, Iron, Phosphorus	General geological survey
Huize County	45.5	Copper, Lead, Zinc	General geological survey
Weixi County	10.3	Lead, Zinc	General geological survey
Deqin County	36.6	Lead, Zinc	Application for exploration rights in process

Gansu Tianda Mining

Currently, Gansu Tianda Mining has 60% equity interest in Gansu Maqu Tianda Gold Mining Ltd., a joint venture established in 2010. The joint venture will undertake a project for gold mine exploration in Maqu County, Gansu Province. This project covers an area of approximately 23 sq. km. and is adjacent to Dashui Gold Mine, the fourth largest gold mine in China.

During FY2011, all the Group's mining and energy projects had not yet been generating revenue. The Group will continue to adopt its active and cautious investment approach.

Packaging and Printing

On 5 May 2010, the Company entered into an agreement with Tianda Group Limited ("Tianda Group") pursuant to which, amongst other things, the Group would acquire a 60% equity interest in Cheng Cheng Printing from Tianda Group. Such acquisition was completed on 1 October 2010 and Cheng Cheng Printing has become a 60% owned subsidiary of the Company. All together, the Group has investments in three printing companies, namely, Cheng Cheng Printing, Yuxi Globe Colour Printing Carton Co., Ltd. ("Globe Printing") and Yunnan Huaning Xingning Colour Material Printing Co., Ltd. ("Xingning Printing"). All these companies are principally engaged in the printing of the packs for cigarettes and apart from that, Cheng Cheng Printing is also engaged in the printing of other consumer products.

Cheng Cheng Printing

The Group starts to consolidate the results of Cheng Cheng Printing from 1 October 2010 onward upon completion of its acquisition. Revenue and profit for the period (including non-controlling interests) included in the Group's consolidated statement of comprehensive income amounted to approximately HK$97.1 million and HK$17.8 million respectively for FY2011.

Globe Printing

Globe Printing, in which the Group holds an equity interest of 18.75%, reported revenue and net profit of approximately RMB125.9 million and RMB26.7 million respectively for the year ended 31 December 2010. For the year ended 31 December 2009, the revenue and net profit were RMB114.9 million and RMB23.3 million respectively. The Group recorded dividend income of approximately HK$5.6 million for FY2011 versus HK$4.7 million for FY2010.

Xingning Printing

Xingning Printing, an associate in which the Group has an equity interest of 25%, reported revenue and net profit of approximately RMB44.4 million and RMB6.8 million respectively for FY2011. These compare to revenue and net profit of approximately RMB35.1 million and RMB3.9 million for FY2010 and represent an increase of 26.5% and 72.0% respectively. Income attributable to the Group amounted to approximately HK$2.0 million for FY2011 versus HK$1.2 million for FY2010. Both revenue and net profit of Xingning Printing grew for FY2011 as a result of increasing consumer spending in China.

The Group's packaging and printing business has been profitable in recent years and has been generating stable income for the development of the Group. Further, the management envisages that the Group's packaging and printing business could further support the growth of the Group's expanding pharmaceutical and biotechnology business by the provision of quality packaging, printing and other relevant ancillary services to the latter's operation in the future.

Other Investments

Previously, the Group held a piece of land at Xiangzhou, Zhuhai (the "Land") and an investment property which was an office premise in Sheung Wan District, Hong Kong. In view of the tightening governmental policies in China and property development and investment has not been the core business of the Group, the Group entered into the assets swap transaction with Tianda Group on 5 May 2010 to dispose of the Land to, and to acquire 60% interest of Cheng Cheng Printing from, Tianda Group. The disposal of the Land was completed in FY2011 and resulted in a gain of approximately HK$4.5 million.

On 18 November 2010, the Group also disposed of the investment property in Sheung Wan District to an independent third party at a consideration of HK$37.0 million. The carrying value of the property as at 31 March 2010 was HK$24.6 million and the gain on disposal recognized for FY2011 amounted to HK$12.4 million.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity remained healthy. As at 31 March 2011, the Group had cash and bank balances of approximately HK$557.0 million (31 March 2010: HK$181.4 million), of which approximately 6.0%, 45.4% and 0.3% were denominated in United States dollar, Renminbi and Euro respectively with the remaining in Hong Kong dollar. The Group has no external borrowings during the year. Therefore, the Group has sufficient financial resources to meet its obligations and daily operational needs.

EXCHANGE RATE EXPOSURE

The Group's assets, liabilities and transactions are substantially denominated in Hong Kong dollar, Renminbi or United States dollar. The Group considers that there is no material exchange rate risk currently and no hedging measures are necessary at this stage.

CHARGES ON ASSETS

The Group did not have any charge on assets as at 31 March 2011 and 31 March 2010.

EMPLOYEES

The Group employed approximately 420 employees in Hong Kong and China as at 31 March 2011. The Group remunerates its employees based on market terms and the qualifications and experiences of the employees concerned.

The Company is firmly committed to maintaining statutory and regulatory standards and adhering to the principles of corporate governance, emphasizing transparency and accountability to the shareholders.

The Company has met the provisions of the Code on Corporate Governance Practices ("the Code") as set out in the Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") during the year ended 31 March 2011 except the following deviations.

Pursuant to paragraph A.2.1, the roles of Chairman and chief executive officer of an issuer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Having considered the current business operation and the size of the Group, the Board is of the view that Mr. Fang Wen Quan acting as both the chairman of the Board and as the managing director of the Company is acceptable and in the best interest of the Group. The Board will review this situation periodically.

Provision E.1.2 of the Code provides that the Chairman of the Board shall attend the annual general meeting of the Company. Due to unexpected business commitment, Mr. Fang Wen Quan, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 27 August 2010 in Hong Kong. This constitutes a deviation from the provision E.1.2 of the Code.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the businesses, strategic development, financial performance and corporate governance of the Group. The management is delegated with the powers and authorities for overseeing the day-to-day operation of the Group.

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

Executive directors:

Mr. Fang Wen Quan *(Chairman and Managing Director)*
Mr. Li Suiming
Mr. Liu Huijiang

Independent non-executive directors:

Mr. Chiu Sung Hong
Mr. Chiu Fan Wa
Mr. Lam Yat Fai

Independent non-executive directors are appointed for a term of 2 years and are subject to retirement in accordance with the Company's Articles of Association.

More than one of the independent non-executive directors have appropriate professional qualification in accounting or related financial management expertise. Save as disclosed in the biographical details of each Director, there is no other relationship (including financial, business, family, or other material/relevant relationship) among members of the Board.

The Articles of Association of the Company provide that one-third of all the directors shall retire from office by rotation at each annual general meeting, and the independent non-executive directors are subject to this provision. The Company has received annual confirmation of independence from the three independent non-executive directors in accordance with Rule 3.13 of the Listing Rules.

The Board has established a formal schedule of matters specifically reserves to the Board for its decision. The Board reviews this schedule on a periodic basis to ensure that it remains appropriate to the needs of the Board.

The Board has established procedure to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances to enable them to discharge their duties at the Company's expenses. The Articles of Association of the Company contain description of responsibility and operation procedure of the Board. The Board meets regularly to review the financial and operating performance of the Group.

During the financial year ended 31 March 2011, the Board held 5 meetings. The attendance of the Directors at the meetings are as follows:

Directors	**Number of Attendance**
Executive directors	
Mr. Fang Wen Quan *(Chairman and Managing Director)*	4
Mr. Li Suiming	1
Mr. Liu Huijiang	1
Independent non-executive directors	
Mr. Chiu Sung Hong	4
Mr. Chiu Fan Wa	5
Mr. Lam Yat Fai	5

REMUNERATION COMMITTEE

The remuneration committee of the Company was established in September 2005. It comprises three independent non-executive directors of the Company, Mr. Chiu Sung Hong, Mr. Lam Yat Fai and Mr. Chiu Fan Wa and one executive director of the Company, Mr. Fang Wen Quan (who is the Chairman of the remuneration committee).

The remuneration committee is responsible for making recommendations to the Board on, among other things, the Company's policy and structure for the remuneration to all Directors and senior management of the Company and is delegated by the Board the responsibility to determine on behalf of the Board the specific remuneration packages for all executive Directors and senior management of the Company.

For the terms of reference of the remuneration committee, please visit the website of our Company www.tiandaholdings.com.

The remuneration committee held one meeting during the year to review and consider, inter alia, the remuneration policy, remuneration of the executive Directors and independent non-executive Directors and compensation of key management personnel.

Details of individual attendance of its members are as follows:

	Number of attendance
Mr. Fang Wen Quan *(Chairman)*	1
Mr. Chiu Sung Hong	1
Mr. Chiu Fan Wa	1
Mr. Lam Yat Fai	1

NOMINATION COMMITTEE

The Company has established nomination committee in July 2009. It comprises two independent non-executive Directors of the Company, Mr. Chiu Sung Hong (who is the Chairman of nomination committee) and Mr. Lam Yat Fai and one executive Director of the Company, Mr. Fang Wen Quan.

The nomination committee is responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board regarding any proposed changes, identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for Directorships with regards to their qualifications, skills, experience and knowledge, assess the independence of independent non-executive Directors, and make recommendations to the Board on relevant matters relating to the appointment of Directors and succession planning for Directors in particular the chairman and the chief executive officer. Since there has not been any proposed change to the composition of the Board during the year, the nomination committee has not held any meetings.

For the terms of reference of the nomination committee, please visit the website of our Company www.tiandaholdings.com.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors of the Company, being Mr. Chiu Sung Hong (Chairman), Mr. Chiu Fan Wa and Mr. Lam Yat Fai.

The role and function of the audit committee include the followings:

- review of and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;
- review of the annual and interim financial statements prior to their approval by the Board, and recommend application of accounting policies and changes to the financial reporting requirements; and
- review of the Company's financial controls, internal controls and risk management systems to ensure that management has discharged its duty to have an effective internal control system.

For the terms of reference of the audit committee, please visit the website of our Company www.tiandaholdings.com.

During the year, the audit committee held 3 meetings. Details of individual attendance of its members are as follows:

	Number of attendance
Mr. Chiu Sung Hong *(Chairman)*	3
Mr. Chiu Fan Wa	3
Mr. Lam Yat Fai	3

The work performed by the audit committee during the year under review, includes the followings:

- review the financial statements for the year ended 31 March 2010 and for the six months ended 30 September 2010.
- consider and approve of the remuneration and terms of engagement of the external auditor.
- review the internal control and financial reporting matters of the Company.

RISK MANAGEMENT COMMITTEE

The Company has established risk management committee in July 2009. It comprises two independent non-executive Directors of the Company, Mr. Chiu Sung Hong (Chairman of risk management committee) and Mr. Lam Yat Fai and one executive Director of the Company, Mr. Fang Wen Quan.

The role and function of the risk management committee include the followings:

- enhance and strengthen the system of risk management of the Group and provide comments and recommendations thereon to the Board;
- identify the risks of the Group and provide recommendations to the Board; and
- other matters authorized by the Board.

For the terms of reference of the risk management committee, please visit the website of our Company www.tiandaholdings.com.

AUDITOR'S REMUNERATION

The fees in relation to the audit and other services for the year provided by Deloitte Touche Tohmatsu, the external auditor of the Company, amounted to HK$1,238,713 and HK$9,900 respectively.

FINANCIAL REPORTING AND INTERNAL CONTROL

The Directors of the Company acknowledge that it is their responsibilities for preparing the financial statements. The Directors of the Company consider that the Group's financial statements have been properly prepared in accordance with relevant regulations and applicable accounting principles. The Directors of the Company are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the auditor about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 29 to 30.

The Board is responsible for maintaining a sound and effective system of internal control so as to ensure the shareholders' investment and the Company's assets are properly safeguarded. The system of internal control is designed to manage the risk of failure to achieve corporate objectives and can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. In addition, the Board has reviewed the effectiveness of the internal control system through the audit committee and the internal audit team of the Company. The Board has also reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") of Listed Issuers as set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of all the Directors of the Company, they all confirm that they have complied with the Model Code throughout the year ended 31 March 2011.

SHAREHOLDER COMMUNICATION

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company employs a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include general meetings, interim and annual reports, announcements and circulars. Procedure for voting by poll had been read out at the general meetings. All votes of the shareholders were taken by poll. The Company announced results of the poll in the manner prescribed under the Listing Rules.

At the 2010 annual general meeting, a separate resolution was proposed by the chairman of the meeting in respect of each separate issue, including re-election of Directors. In the absence of the Chairman of the Board, Mr. Lam Yat Fai, acting as chairman of the annual general meeting, and together with other Directors and members of the audit committee and remuneration committee, attended the meeting and answered questions raised by shareholders.

INVESTOR RELATIONS

The Group fully recognizes the importance of employing a professional, truthful and proactive attitude in promoting investor relations. This underscores the Group's persistence in maintaining optimum all-round communications with investors, allowing it to collect information and valuable feedbacks from investors and announce its business strategy and direction in due course. These efforts are critical for the Group to improve its corporate governance and strengthen investor confidence.

Ensuring high corporate transparency is a key emphasis in the Group's investor relations activities. During the year under review, the Group promoted investor relations through different channels. Regular meetings are held between the management and investors. Latest information regarding the Group and its business is proactively disclosed to investors so that the best investment decisions can be made. Whenever announcements on annual results, interim results and material transactions are made, the Group will capitalize such opportunities to enhance communications with investors, explaining to them the Group's latest operational situations and direction of development.

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries and associated companies are research and development, production and sale of pharmaceutical and biotechnology products, investment and development in mining and energy, packaging and printing.

SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to results by segment for the year ended 31 March 2011 is set out in note 7 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2011, the five largest customers of the Group accounted for approximately 89% of the Group's total turnover while the largest customer of the Group accounted for approximately 46% of the Group's turnover. In addition, for the year ended 31 March 2010, the five largest suppliers of the Group accounted for approximately 54% of the Group's total purchases while the largest supplier of the Group accounted for approximately 18% of the Group's total purchases.

None of the Directors, any of their associates or any shareholders of the Company (which, to the best knowledge of the Directors, owned more than 5% of the Company's issued share capital) had a beneficial interest in the Group's five largest customers or suppliers during the year.

RESULTS

The results of the Group for the year ended 31 March 2011 are set out in the consolidated statement of comprehensive income on page 31.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 4 to 5 of this annual report.

INVESTMENT PROPERTY

Details of movements in the investment property of the Group during the year are set out in note 14 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 30 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2011, the Company had retained profit available for cash distribution and/or distribution in specie as computed in accordance with the Companies Law of the Cayman Islands of approximately HK$28,094,466. Furthermore, the share premium account of the Company may be distributed, 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. As at 31 March 2011, the Company's share premium account amounted to HK$274,638,193.

DIRECTORS

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

Executive directors:

Fang Wen Quan *(Chairman and Managing Director)*
Li Suiming
Liu Huijiang

Independent non-executive directors:

Chiu Sung Hong
Chiu Fan Wa
Lam Yat Fai

In accordance with Article 99 of the Company's Articles of Association, Messrs. Chiu Sung Hong and Lam Yat Fai will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Independent non-executive directors are appointed for a term of 2 years and are subject to retirement in accordance with the Company's Articles of Association.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting have 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 AND UNDERLYING SHARES

As at 31 March 2011, the interests of the Company's directors, chief executives and their associates in the shares and underlying shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, were as follows:

(A) Shares of the Company

Name of Director	Capacity	Number of shares held	%
Mr. FANG Wen Quan	Held by controlled corporation	1,187,594,704 (Note 1)	63.50

(B) Shares of Associated Corporations

Name of Director	Name of subsidiary	Number of shares held	%
Mr. FANG Wen Quan	Tianda Mining (Gansu) Limited	49	49
	Tianda Mining (Yunnan) Limited	49	49

Notes:

(1) All the above shares are beneficially owned by Tianda Group Limited. Mr. FANG Wen Quan has 100% equity interests in Tianda Group Limited and, accordingly, is deemed to have a corporate interest in the above shares owned by Tianda Group Limited.

(2) All the interests stated above represent long positions.

SHARE OPTION SCHEME

At an extraordinary general meeting held on 13 July 2010, the Company approved the adoption of a share option scheme ("the Scheme").

The purpose of the Scheme is to enable the Company to recognize the future and/or past contributions of the participants (as defined in the Scheme and including any director and employee of any member of the Group) to the Company, and to attract and retain such important participants and/or to maintain a continuing relationship, with participants who have contributed to the result, growth, success and benefit of the Group, and in relation to administrative staff, to recruit and retain experienced and talented individuals and/or to reward their past contributions.

The Scheme is for a period of 10 years from the date of adoption on 13 July 2010. The directors may, at their discretion, make an offer to any participant to take up options. An option is deemed to have been granted and accepted by the grantee upon his or her signing the duplicate letter comprising acceptance of the option and paying HK$1 by way of consideration for the grant thereof.

The subscription price for shares of the Company under the Scheme shall be no less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the offer date (which date must be a business day); (ii) a price being the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a share of the Company on the offer date.

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 10 per cent of the total number of shares of the Company in issue as at the date of approval of the Scheme. An option may be exercised during a period to be determined by the directors in its absolute discretion and in any event such period shall not be longer than 10 years from the date upon which the option is granted.

The total number of shares issued and to be issued upon exercise of the options granted to each participant under the Scheme in any 12-month period shall not exceed 1 per cent of the total number of shares in issue of the Company. Any further grant of options in excess of the 1 per cent limit shall be subject to shareholders' approval in a general meeting with such participant and his or her associates abstaining from voting.

No share option has been granted since the adoption of the Scheme.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 36 to the consolidated financial statements, no contract of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the Scheme of the Company disclosed above, at no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors nor any of their spouses or children under the age of 18 had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

SUBSTANTIAL SHAREHOLDERS

At 31 March 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of the relevant interests in 5% or more of the issued share capital of the Company:

Name of shareholder	Capacity	Number of shares held	%
Tianda Group Limited	Beneficial owner	1,187,594,704 (Note 1)	63.50
Mr. Fang Wen Quan	Held by controlled corporation	1,187,594,704 (Note 1)	63.50
South Hong Investment Limited	Beneficial owner	214,992,932 (Note 2)	11.50
Hongta Tobacco (Group) Limited	Held by controlled corporation	214,992,932 (Note 2)	11.50

Notes:

(1) These 1,187,594,704 shares are beneficially owned by Tianda Group Limited. Mr. Fang Wen Quan has 100% equity interests in Tianda Group Limited and, accordingly, is deemed to have a corporate interest in the said 1,187,594,704 shares owned by Tianda Group Limited.

(2) These 214,992,932 shares are beneficially owned by South Hong Investment Limited ("South Hong"). South Hong is beneficially owned as to approximately 92.28% by Hongta Tobacco (Group) Limited. Accordingly, Hongta Tobacco (Group) Limited is deemed to be interested in the 214,992,932 shares owned by South Hong.

All the interests stated above represent long positions. As at 31 March 2011, no short position was recorded in the register kept by the Company under section 336 of the SFO.

Save as disclosed above, the Company has not been notified of any other interest representing 5% or more in the Company's issued share capital as at 31 March 2011.

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

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

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Asset Swap

On 5 May 2010, the Company entered into the Asset Swap Agreement, pursuant to which the Company agreed to transfer its entire interest in Tinwise Investment Limited ("Tinwise"), a wholly-owned subsidiary of the Company, and its subsidiaries (collectively referred to as "Tinwise Group") to Tianda Group, the ultimate holding company, at a consideration of HK$160 million ("Disposal Consideration") in exchange for Tianda's 100% equity interest in Cheng Cheng Group (in which Cheng Cheng BVI has 60% indirect equity interest in Cheng Cheng Printing) at a consideration of HK$200 million ("Acquisition Consideration"), plus cash of HK$40 million being the shortfall between the Disposal Consideration and the Acquisition Consideration. Details of the transaction are set out in the Company's circular dated 22 June 2010. The transaction constituted a connected transaction for the Company under the Listing Rules. The transaction was approved by independent shareholders at the extraordinary general meeting held on 13 July 2010 and completed on 1 October 2010.

During the year, the Group conducted certain transactions with connected persons which constituted "continuing connected transactions" under the Listing Rules. Details of those continuing connected transactions which are subject to the reporting requirements under Rule 14A.46 of the Listing Rules are summarized as follows:

Purchase of materials and sales of cigarette packaging packs and boxes

On 5 August 2010, a framework agreement was entered into among the Company, Cheng Cheng Printing and Hongta for governing the ongoing purchases of the materials and the sales of the cigarette packaging packs and boxes and specifying the terms adopted including the annual purchase caps and the annual sales caps. Hongta is a substantial Shareholder indirectly holding approximately 11.50% equity interest of the issued share capital of the Company and is a connected person of the Company under the Listing Rules. Therefore, transactions contemplated under the framework agreement constituted continuing connected transactions under Chapter 14A of the Listing Rules. The framework agreement was for the three financial years ending 31 March 2013. Details of the transaction are set out in the Company's circular dated 12 August 2010.

The annual cap and the actual amount of the above continuing connected transactions for the year ended 31 March 2011 are shown as follow:

Business Type	The annual cap	The actual transaction amount
Purchase of materials	RMB29,000,000	RMB21,557,705
Sales of cigarette packaging packs and boxes	RMB107,000,000	RMB55,814,182

Pursuant to Rule 14A.37 of the Listing Rules, independent non-executive directors have reviewed the above connected transactions and continuing connected transactions and confirmed that:

1. these transactions were in the Company's ordinary course of business;

2. these transactions were entered into on normal commercial terms;

3. these transactions were carried out in accordance with respective agreement terms which were fair and reasonable, and in the interests of the Company and the shareholders as a whole.

The Company's auditors, Deloitte Touche Thomatsu has provided a letter to the Company's Board of Directors confirming that the above continuing connected transactions:

1. have received the approval of the Company's Board of Directors;

2. are in accordance with the pricing policies of the Company;

3. have been entered into in accordance with the relevant agreement governing the transactions; and

4. have not exceeded the cap disclosed in previous announcement(s).

EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the Directors are reviewed by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics. No Director or any of his associates and executive is involved in dealing his own remuneration.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 March 2011.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Tianda Holdings Limited

Fang Wen Quan
Chairman

Hong Kong, 27 June 2011

Note: The name of the Company was changed on 5 July 2011 from "Yunnan Enterprises Holdings Limited雲南實業控股有限公司*" to "Tianda Holdings Limited天大控股有限公司".

* *For identification purpose only*

Deloitte.
德勤

TO THE MEMBERS OF YUNNAN ENTERPRISES HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Yunnan Enterprises Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 104, which comprise the consolidated statement of financial position as at 31 March 2011, and the 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 the 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, in accordance with our agreed terms of engagements, 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 as to 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 judgment, 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 the 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 2011 and of the Group's profit 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	NOTES	**2011** **HK$**	2010 HK$
Revenue	7	**206,346,201**	82,951,039
Cost of sales		**(85,906,213)**	(19,569,250)
Gross profit		**120,439,988**	63,381,789
Other income and gains	8	**9,765,524**	3,690,549
Distribution and selling expenses		**(8,421,270)**	(713,277)
Administrative expenses		**(30,326,666)**	(19,613,780)
Other expenses		**(5,933,117)**	(267,555)
Gain on disposal of subsidiaries	34(b)	**4,500,845**	–
Gain on disposal of an associate	27	**15,748,002**	–
Gain arising from change in fair value of an investment property	14	**12,400,000**	3,800,000
Share of results of an associate/associates	20	**1,981,483**	658,254
Profit before tax		**120,154,789**	50,935,980
Income tax expense	9	**(18,718,078)**	(10,244,333)
Profit for the year	10	**101,436,711**	40,691,647
Other comprehensive income			
Exchange difference on translation			
Exchange difference arising during the year		**21,593,228**	1,080,629
Reclassification upon disposal of subsidiaries		**(4,500,845)**	–
Reclassification upon disposal of an associate		**(8,362,325)**	–
Available-for-sale investments – debt instruments			
Fair value gain on available-for-sale investments		**–**	595,066
Reclassification upon disposal of available-for-sale investments		**–**	(752,680)
Other comprehensive income for the year		**8,730,058**	923,015
Total comprehensive income for the year		**110,166,769**	41,614,662
Profit for the year attributable to:			
Owners of the Company		**67,426,465**	21,287,092
Non-controlling interests		**34,010,246**	19,404,555
		101,436,711	40,691,647
Total comprehensive income for the year attributable to:			
Owners of the Company		**71,080,130**	22,063,799
Non-controlling interests		**39,086,639**	19,550,863
		110,166,769	41,614,662
		HK cents	HK cents
Basic earnings per share	12	**4.34**	2.28

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

	NOTES	2011 HK$	2010 HK$
NON-CURRENT ASSETS			
Investment property	14	**–**	24,600,000
Property, plant and equipment	15	**88,637,443**	23,806,194
Prepaid lease payments	16	**11,169,904**	3,815,054
Goodwill	17	**57,061,430**	6,051,273
Intangible assets	18	**67,426,947**	–
Exploration and evaluation assets	19	**3,961,891**	3,036,545
Deposit for the acquisition of property, plant and equipment		**3,030,586**	–
Interest in an associate	20	**15,518,244**	14,651,110
Available-for-sale investments			
– investment in an investee company	21	**32,465,141**	32,465,141
		279,271,586	108,425,317
CURRENT ASSETS			
Inventories	22	**87,351,019**	4,169,569
Properties held for development	23	**–**	121,178,821
Trade and other receivables	24	**17,506,589**	8,805,554
Prepaid lease payments	16	**146,231**	89,596
Available-for-sale investments			
– debt instruments	25	**1,138,133**	–
Amounts due from related companies	36(a)	**48,413,064**	–
Bank deposits	26	**414,209,717**	78,574,264
Bank balances and cash	26	**142,808,417**	102,792,689
		711,573,170	315,610,493
Assets classified as held-for-sale	27	**–**	37,720,135
		711,573,170	353,330,628
CURRENT LIABILITIES			
Trade and other payables	28	**65,069,579**	11,155,654
Government grants - current portion	29	**353,420**	336,064
Amount due to an associate	36(b)(ii)	**–**	896,563
Amounts due to related companies	36(a)	**4,746,690**	–
Amount due to ultimate holding company	36(b)(ii)	**11,228,445**	122,238
Loans from ultimate holding company	36(b)(i)	**6,059,788**	3,826,000
Dividend payable to non-controlling shareholders		**28,889,133**	–
Tax payable		**8,071,024**	4,085,483
		124,418,079	20,422,002
NET CURRENT ASSETS		**587,155,091**	332,908,626
TOTAL ASSETS LESS CURRENT LIABILITIES		**866,426,677**	441,333,943

At 31 March 2011

	NOTES	2011 HK$	2010 HK$
NON-CURRENT LIABILITIES			
Government grants – non-current portion	29	**1,590,392**	1,848,352
Deferred tax liabilities	31	**22,604,006**	584,840
		24,194,398	2,433,192
		842,232,279	438,900,751
CAPITAL AND RESERVES			
Share capital	30	**187,011,816**	93,505,908
Reserves		**489,284,628**	316,374,018
Equity attributable to owners of the Company		**676,296,444**	409,879,926
Non-controlling interests		**165,935,835**	29,020,825
Total equity		**842,232,279**	438,900,751

The consolidated financial statements on pages 31 to 104 were approved and authorised for issue by the Board of Directors on 27 June 2011 and are signed on its behalf by:

FANG WEN QUAN	**CHIU SUNG HONG**
Chairman	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Attributable to owners of the Company												
	Share capital HK$	Share premium HK$	Capital redemption reserve HK$	Capital contribution reserve HK$ Note (i)	Goodwill reserve HK$ Note (ii)	Special reserve HK$ Note (iii)	Statutory reserves HK$	Exchange reserve HK$	Change in fair value of available-for-sale investment HK$	Accumulated (losses) profits HK$	Total HK$	Non-controlling interests HK$	Total HK$
At 1 April 2009	93,505,908	473,077,599	8,000	–	(7,938,469)	3,460,016	10,545,500	23,157,814	157,614	(208,157,855)	387,816,127	24,798,330	412,614,457
Profit for the year	–	–	–	–	–	–	–	–	–	21,287,092	21,287,092	19,404,555	40,691,647
Gain on fair value changes of available-for-sale investments – debt instruments	–	–	–	–	–	–	–	–	595,066	–	595,066	–	595,066
Transfer to profit or loss on disposal of available-for-sale investments – debt instruments	–	–	–	–	–	–	–	–	(752,680)	–	(752,680)	–	(752,680)
Exchange difference arising on translation	–	–	–	–	–	–	–	934,321	–	–	934,321	146,308	1,080,629
Total comprehensive income for the year	–	–	–	–	–	–	–	934,321	(157,614)	21,287,092	22,063,799	19,550,863	41,614,662
Elimination of accumulated losses (iv)	–	(300,000,000)	–	–	–	–	–	–	–	300,000,000	–	–	–
Transfer to reserves	–	–	–	–	–	–	4,230,938	–	–	(4,230,938)	–	–	–
Transfer to accumulated profits (note 20, 27)	–	–	–	–	1,510,604	–	–	–	–	(1,510,604)	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(15,328,368)	(15,328,368)
At 31 March 2010 and 1 April 2010	93,505,908	173,077,599	8,000	–	(6,427,865)	3,460,016	14,776,438	24,092,135	–	107,387,695	409,879,926	29,020,825	438,900,751
Profit for the year	–	–	–	–	–	–	–	–	–	67,426,465	67,426,465	34,010,246	101,436,711
Release upon disposal of subsidiaries (note 34(b))	–	–	–	–	–	–	–	(4,500,845)	–	–	(4,500,845)	–	(4,500,845)
Release upon disposal of an associate (note 27)	–	–	–	–	–	–	–	(8,362,325)	–	–	(8,362,325)	–	(8,362,325)
Exchange difference arising on translation	–	–	–	–	–	–	–	16,516,835	–	–	16,516,835	5,076,393	21,593,228
Total comprehensive income for the year	–	–	–	–	–	–	–	3,653,665	–	67,426,465	71,080,130	39,086,639	110,166,769
Transfer to reserves	–	–	–	–	–	–	10,602,146	–	–	(10,602,146)	–	–	–
Share issued	93,505,908	102,856,499	–	–	–	–	–	–	–	–	196,362,407	–	196,362,407
Transaction costs attributable to issue of shares	–	(1,295,905)	–	–	–	–	–	–	–	–	(1,295,905)	–	(1,295,905)
Deemed contribution from a shareholder (note 34(b))	–	–	–	4,477,651	–	–	–	–	–	–	4,477,651	–	4,477,651
Transfer upon disposal of subsidiaries (note 34(b))	–	–	–	–	–	–	–	(4,727,348)	–	4,727,348	–	–	–
Transfer upon disposal of an associate (note 27)	–	–	–	–	6,427,865	–	–	–	–	(6,427,865)	–	–	–
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(3,889,478)	(3,889,478)
Dividend recognised on distribution	–	–	–	–	–	–	–	–	–	(4,207,765)	(4,207,765)	–	(4,207,765)
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	1,384,882	1,384,882
Acquisition of subsidiaries (note 34(a))	–	–	–	–	–	–	–	–	–	–	–	100,332,967	100,332,967
At 31 March 2011	**187,011,816**	**274,638,193**	**8,000**	**4,477,651**	**–**	**3,460,016**	**25,378,584**	**23,018,452**	**–**	**158,303,732**	**676,296,444**	**165,935,835**	**842,232,279**

Notes:

(i) The goodwill reserve of the Group arose on the acquisition of an associate in prior years which is engaged in the sale of pharmaceutical and biotechnology products. The amount was released and transferred upon disposal of the associate during the year ended 31 March 2011 (note 27).

(ii) The special reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of a subsidiary acquired by the Company pursuant to a corporate reorganisation in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited in 1992.

(iii) The statutory reserves represent the appropriation of certain percentages of profit after taxation of the subsidiaries established in the Mainland of the People's Republic of China (the "PRC") as recommended by the directors of those subsidiaries based on the PRC statutory financial statements.

(iv) The share premium account was reduced by HK$300 million to eliminate the accumulated losses of the Company by a special resolution approved by the shareholders of the Company at the Annual General Meeting held on 28 August 2009.

For the year ended 31 March 2011

	NOTES	2011 HK$	2010 HK$
OPERATING ACTIVITIES			
Profit before tax		**120,154,789**	50,935,980
Adjustments for:			
Amortisation of prepaid lease payments		**195,851**	89,707
Amortisation of intangible assets		**3,469,399**	–
Depreciation of property, plant and equipment		**7,279,134**	3,253,985
Dividend income from available-for-sale investments – investment in an investee company		**(5,629,894)**	(4,673,836)
Gain on disposal of an associate		**(15,748,002)**	–
Gain on disposal of subsidiaries		**(4,500,845)**	–
Gain arising from change in fair value of investment property		**(12,400,000)**	(3,800,000)
Government grants released to income		**(345,514)**	(335,436)
Interest income on bank deposits		**(2,882,066)**	(910,648)
Interest income on available-for-sale investments – debt instruments		**(956,897)**	(752,680)
Loss on disposal of property, plant and equipment		**168,329**	1,654
Share of results of an associate/associates		**(1,981,483)**	(658,254)
Operating cash flows before movements in working capital		**86,822,801**	43,150,472
(Increase) decrease in inventories		**(29,772,696)**	518,145
Decrease (increase) in trade and other receivables		**9,852,885**	(221,693)
Increase in amounts due from related companies		**(19,761,454)**	–
Increase in trade and other payables		**14,660,809**	4,296,848
Increase in amounts due to related companies		**2,807,351**	–
Cash generated from operations		**64,609,696**	47,743,772
PRC income tax paid		**(13,572,607)**	(8,999,388)
NET CASH FROM OPERATING ACTIVITIES		**51,037,089**	38,744,384
INVESTING ACTIVITIES			
Net (increase) decrease in bank deposits		**(228,771,681)**	28,846,145
Purchase of available-for-sale investments – debt instruments		**(79,010,422)**	–
Cash outflow from disposal of subsidiaries	34(b)	**(31,102,251)**	–
Advance to a related company		**(25,038,936)**	–
Net cash outflow from acquisition of subsidiaries	34(a)	**(8,647,556)**	–
Purchase of property, plant and equipment		**(4,995,336)**	(1,932,399)
Expenditure paid for exploration and evaluation asset		**(751,330)**	(1,204,202)
Advance payment for property, plant and equipment		**(725,769)**	–
Proceeds from redemption of available-for-sale investments – debt instruments		**77,872,289**	29,021,817
Proceeds from disposal of an associate		**44,332,798**	–
Proceeds from disposal of an investment property		**37,000,000**	–
Dividend received from an available-for-sale investments – investment in an investee company		**4,440,144**	3,795,641
Interest received		**2,882,066**	910,648
Investment income received		**956,897**	–
Proceeds from disposal of property, plant and equipment		**250**	22,742
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(211,558,837)**	59,460,392

For the year ended 31 March 2011

	2011 HK$	2010 HK$
FINANCING ACTIVITIES		
Proceeds from issue of shares, net of share issue expenses	**195,066,502**	–
Increase in loans from ultimate holding company	**2,233,788**	–
In proportion capital contribution from a non-controlling shareholder of a subsidiary	**1,384,882**	–
Dividend paid to shareholders	**(4,207,765)**	–
Dividend paid to non-controlling shareholders	**–**	(23,608,899)
Increase in amount due to ultimate holding company	**–**	122,238
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**194,477,407**	(23,486,661)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**33,955,659**	74,718,115
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**102,792,689**	27,957,910
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**6,060,069**	116,664
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**142,808,417**	102,792,689

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited ("SEHK"). Its ultimate holding company is Tianda Group Limited ("Tianda Group"), a private limited company incorporated in Hong Kong. The address of the registered office and the principal place of business of the Company are disclosed on page 2 of the annual report.

The functional currency of the Company is Renminbi ("RMB"). As the shares of the Company are listed in the SEHK, for the convenience of the financial statements users, the results and financial position of the Group are expressed in Hong Kong dollars, the presentation currency for the consolidated financial statements.

The Company acts as an investment holding company. The activities of the principal subsidiaries are set out in note 39.

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

2.1 New and revised Standards, Amendments and Interpretations applied in current year

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("New and Revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised Standards, Amendments and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations for which the acquisition date is on or after 1 April 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Cont'd)*

2.1 New and revised Standards, Amendments and Interpretations applied in current year *(Cont'd)*

HKFRS 3 (as revised in 2008) Business Combinations

- HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree. In the current year, in accounting for the acquisition of Cheng Cheng Printing Limited ("Cheng Cheng BVI") and its subsidiaries ("collectively referred to as Cheng Cheng Group") as set out in note 34(a), the Group has elected to measure the non-controlling interests at the non-controlling interests' share of fair value of identifiable net assets of the acquiree at the date of acquisition.

- HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

In the current year, the application of HKFRS3 (as revised in 2008) has affected the acquisition of subsidiaries as set out in note 34(a), as follows:

Consolidated statement of financial position

	HK$
Decrease in goodwill recognised as a result of the application of HKFRS 3 (as revised in 2008)	1,017,824

Consolidated statement of comprehensive income

	HK$
Acquisition-related costs expensed when incurred	1,017,824
Decrease in profit for the year as a result of the application of HKFRS 3 (as revised in 2008)	1,017,824

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Cont'd)*

2.1 New and revised Standards, Amendments and Interpretations applied in current year *(Cont'd)*

HKFRS 3 (as revised in 2008) Business Combinations *(Cont'd)*

Impact on basic earnings per share

	HK cents
Figure before adjustment	4.41
Adjustment arising from the change in the Group's accounting policies in relation to business combination	(0.07)
Figure after adjustment	4.34

2.2 New and revised Standards, Amendments and Interpretations issued but not yet effective

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investment in Associates and Joint Ventures[4]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 July 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2011.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Cont'd)*

2.2 New and revised Standards, Amendments and Interpretations issued but not yet effective *(Cont'd)*

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Currently, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 will be adopted in the Group's and the Company's consolidated financial statements for the financial year ending 31 March 2014. Based on the Group's financial assets and financial liabilities as at 31 March 2011, application of the new Standard will have an impact on the classification and measurement of the Group's available-for-sale investments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review is completed.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for the investment property and certain financial instruments, which are measured at fair value, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 April 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Business combinations

Business combination (including business combination under common control) that took place on or after 1 April 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. If the consideration transferred include non-monetary assets of the Group, the Group revaluates the transferred assets to their fair values as of acquisition date and recognise the resulting gain or loss, if any, in the profit or loss except for transactions with the controlling shareholder in which the excess of consideration over the fair value are recognised as deemed contribution from the controlling shareholder as an adjustment to capital contribution reserve in equity.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except deferred tax assets or liabilities are recognised and measured in accordance with HKAS12 *Income Taxes*.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, which does not exceed one year from the acquisition date, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Business combinations *(Cont'd)*

Business combinations that took place after 1 January 2005 and prior to 1 April 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the non-controlling interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of net assets and operations of another entity for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquire at the date of acquisition.

Goodwill arising on acquisitions of net assets and operations of another entity prior to 1 April 2001 continues to be held in reserves, and will be charged to the accumulated profits at the time when the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

For previously capitalised goodwill arising on acquisition of net assets and operations of another entity after 1 April 2001, the Group has discontinued amortisation from 1 April 2005 onwards, and such goodwill is tested for impairment annually, an whenever there is an indication that the cash-generating unit to which the goodwill relates may be impaired (see the accounting policy below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Goodwill *(Cont'd)*

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a business for which the agreement date is on or after 1 January 2005 represents the excess of cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost as established at the date of acquisition of the business less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata based on of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale (in which case it is accounted for under HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*). Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Investments in associates *(Cont'd)*

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associates recognised at the date of acquisition is recognised as goodwill which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

From 1 April 2010 onwards, upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sales of goods is recognised when goods are delivered and title has passed.

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

Design fee income is recognised by reference to the stage of completion of the transaction of the contract.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is measured at its fair value using the fair value model. Gain or loss arising from change in the fair value of investment property is included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and recognised impairment loss.

Depreciation is recognised so as to write off the cost less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses. Costs of exploration are capitalized pending a determination of whether sufficient quantities of potentially nonferrous metal reserves have been discovered.

Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for nonferrous metal resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting nonferrous metal resources become demonstrable, previously recognised exploration and evaluation assets are reclassified as tangible assets. These assets are assessed for impairment before reclassification.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually. Impairment test is performed in accordance with HKAS 36 "Impairment of Assets" whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area.

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Exploration and evaluation assets *(Cont'd)*

Impairment of exploration and evaluation assets *(Cont'd)*

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amounts due from related companies, bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial instruments *(Cont'd)*

Financial assets *(Cont'd)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss ("FVTPL"), loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in change in fair value of available-for-sale investment reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in change in fair value of available-for-sale investment reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments (investment in an investee company) that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial instruments *(Cont'd)*

Financial assets *(Cont'd)*

Impairment of financial assets (Cont'd)

For financial assets including trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in the other comprehensive income and accumulated in change in fair value of available-for-sale investment reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial instruments *(Cont'd)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, dividend payable to non-controlling shareholders, amounts due to related companies, amount due to an associate, amount due to ultimate holding company and loans from ultimate holding company are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity 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 and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Inventories

Inventories, other than properties held for development, are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Properties held for development

Properties under development which are developed in the ordinary course of business are included in the current assets and stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights and other directly attributable costs.

Impairment losses on tangible and intangible assets other than goodwill, exploration and evaluation assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets 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 the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e.HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Foreign currencies *(Cont'd)*

From 1 April 2010 onwards, on the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), exchange difference accumulated in equity arisen from the translation of the subsidiary or associate's functional currency, RMB, to the Company's functional currency, HK$, before the change in functional currency of the Company from HK$ to RMB, are reclassified to profit or loss. Whereas exchange difference accumulated in equity arisen from the translation of subsidiary or associate's and the Company's functional currency, RMB, to the Group's presentation currency, HK$, was transferred directly to accumulated profits. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss or transferred directly to accumulated profits, whichever appropriate as above.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation before 1 January 2005 are treated as non-monetary foreign currency items of the acquirer and reported using the historical cost prevailing at the date of acquisition.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the exchange reserve.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution retirement benefit plan and state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income 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 temporary differences between the carrying amounts of assets and liabilities in the consolidated 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 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 associated with investments in subsidiaries and associates, and interests in joint ventures, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are 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 respectively.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Leasing

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the leasee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the 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 within the next financial year.

Estimated impairment of available-for-sale investments – investment in an investee company

The impairment for available-for-sale investments – investment in an investee company has been determined by the directors based on the difference between the carrying amount of investment and the recoverable amount. The recoverable amount represents the Group's expectation of dividends income to be received from the investment and expected net assets value sharing upon dissolution by reference to the estimation of the future cash flow discounted at an expected rate of return. Where the actual future cash flows are less than expected, further impairment loss may arise.

As at 31 March 2011, the carrying amount of investment in an investee company was HK$32,465,141 (2010: HK$32,465,141) and no impairment loss was recognised during the years ended 31 March 2011 and 2010. Details of the recoverable amount calculations are disclosed in note 21.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

As at 31 March 2011, the carrying amount of goodwill is HK$57,061,430 (2010: HK$6,051,273) and no impairment loss was recognised during the year ended 31 March 2011 and 2010. Details of the recoverable amount calculation are disclosed in note 17.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Cont'd)*

Key sources of estimation uncertainty *(Cont'd)*

Estimated Useful lives of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives, using straight-line method, at the rates ranging from 3% to 20% per annum. The estimated useful lives that the Group depreciates the property, plant and equipment reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the assets. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore depreciation and impairment losses in future years.

As at 31 March 2011, the carrying amount of property, plant and equipment is HK$88,637,443 (2010: HK$23,806,194). Details of the useful lives of the property, plant and equipment are disclosed in note 15.

Estimated impairment of exploration and evaluation assets

Determining whether exploration and evaluation assets are impaired requires assessment on whether any impairment indicator exist. Although two of the exploration rights, are expiring in June 2011, the directors believe that the rights can be eventually renewed without significant cost.

As at 31 March 2011, the carrying amount of exploration and evaluation asset is HK$3,961,891 (2010: HK$3,036,545) and no impairment loss was recognised for both years. Details are set out in note 19.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern in order to support its business and maximise shareholders value. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital, accumulated profits and other reserves.

The directors of the Company review the capital structure on a regular basis to maintain a strong capital base to support the development of the Group's business. The directors of the Company also balance its overall capital structure through payment of dividends, new share issues as well as the issue of new debts.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	Financial instrument classification	2011 HK$	2010 HK$
Financial assets			
Trade and other receivables	Loans and receivables	**14,316,177**	5,790,591
Amounts due from related companies	Loans and receivables	**48,413,064**	–
Bank deposits	Loans and receivables	**414,209,717**	78,574,264
Bank balances and cash	Loans and receivables	**142,808,417**	102,792,689
Available-for-sale investments – debt instrument	Available-for-sale investments	**1,138,133**	–
Available-for-sale investments – investment in an investee company	Available-for-sale investments	**32,465,141**	32,465,141
		653,350,649	219,622,685
Financial liabilities			
Trade and other payables*	At amortised cost	**62,283,667**	5,525,078
Amount due to an associate	At amortised cost	**–**	896,563
Amounts due to related companies	At amortised cost	**4,746,690**	–
Amount due to ultimate holding company	At amortised cost	**11,228,445**	122,238
Loans from ultimate holding company	At amortised cost	**6,059,788**	3,826,000
Dividend payable to non-controlling shareholders	At amortised cost	**28,889,133**	–
		113,207,723	10,369,879

* Excluding accruals and deposits from customers

6. FINANCIAL INSTRUMENTS *(Cont'd)*

b. Financial risk management objectives and policies

The Group's major financial instruments include investment in an available-for-sale investments – investment in an investee company, available-for-sale investments – debt instruments, trade and other receivables, amounts due from (to) related companies, bank deposits and bank balances, trade and other payables, amount due to an associate, amount due to ultimate holding company, loans from ultimate holding company and dividend payable to non-controlling shareholders. Details of these financial instruments are disclosed in respective notes. It is, and has been throughout the year, the Group's policy not to enter into trading of derivative financial instruments.

The risks associated with these financial instruments include credit risk, market risk (currency risk, interest rate risk and price risk) and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the Group's consolidated statement of financial position.

In order to minimise the credit risk, the Group requires its customers to make prepayment on their purchase of pharmaceutical products and management has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is in the PRC, which accounted for 100% (2010: 100%) of the total trade receivables as at 31 March 2011.

At 31 March 2011, the Group had concentration of credit risk as 92.8% (2010: nil) of the trade-related receivables from related companies was due from one related company of the Group, which is engaged in the sales of packaging and printing products and exposed the Group to concentration of credit risk.

At 31 March 2010, the Group has concentration of credit risk as 84.1% of the trade receivables was due from one external customer in the PRC, which is engaged in the sales of pharmaceutical and biotechnology products. The credit risk on trade receivables from external customers for the year ended 31 March 2011 is limited as trade receivables was diversified to various customers.

6. FINANCIAL INSTRUMENTS *(Cont'd)*

b. Financial risk management objectives and policies *(Cont'd)*

Credit risk *(Cont'd)*

Though there was no default on receivables from this related company/customer in the past and its considered a creditworthy customers, the failure of the customers to make required payments could have a negative impact on the Group's results. The Group manages this risk by applying a limit on the credit.

The Group is also exposed to credit risk through the investment in certain investment products (超短期法人理財產品), which is classified as available-for-sale investments – debt instruments (as disclosed in note 25) in current year.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks located in the PRC.

Market risks

(i) Currency risk

Certain bank deposits of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		**Liabilities**	
	2011	2010	**2011**	2010
	HK$	HK$	**HK$**	HK$
HK$	**271,177,835**	43,452,230	**3,016,398**	–
United States Dollars ("US$")	**33,969,788**	41,169,910	**–**	–
Euro ("EUR")	**1,788,938**	–	**–**	–

6. FINANCIAL INSTRUMENTS *(Cont'd)*

b. Financial risk management objectives and policies *(Cont'd)*

Market risks *(Cont'd)*

(i) Currency risk (Cont'd)

The following table details the Group's sensitivity to a 2% increase and decrease in RMB, the functional currency of the respective group entities, against the relevant foreign currencies for the years ended 31 March 2011 and 2010. The sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates with reference to historical fluctuation of foreign exchange rates during the year. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at 31 March 2011 and 2010 for a corresponding change in foreign currencies rates. A negative number below indicates a decrease in post-tax profit for the year where the RMB strengthens against the relevant currencies. For a weakening of RMB against the relevant currency, there would be an equal and opposite impact on the post-tax profit for the year.

	2011 **HK$**	2010 HK$
HK$	**(4,489,000)**	(869,000)
US$	**(567,000)**	(823,000)
EUR	**(30,000)**	–

The balances of bank deposits denominated in foreign currencies fluctuated throughout the year and in management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits and bank balances which carry at prevailing market interest rates. The Group currently does not have any interest rate hedging policy. However, the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposure to interest rate has increased during the current year mainly due to the increase in variable rate bank deposits and bank balances at the year end.

6. FINANCIAL INSTRUMENTS *(Cont'd)*

b. Financial risk management objectives and policies *(Cont'd)*

***Market risks** (Cont'd)*

(ii) Interest rate risk (Cont'd)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to the bank deposits and bank balances which bear floating interest rates at the end of the reporting period. A 10 basis point (2010: 10 basis point) increase or decrease is used to present the reasonably possible change in interest rates for those balances denominated in RMB and US$, at the year end.

No sensitivity analysis was prepared for bank deposits and bank balances denominated in HK$ as the financial impact arising on changes in interest rates was minimal.

If interest rates had been 10 basis points (2010: 10 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2011 would increase/decrease approximately by HK$288,000 (2010: HK$143,000).

(iii) Other price risk

The Group is exposed to equity price risk through its available-for-sale investments – investment in an investee company (as disclosed in note 21). No sensitivity analysis is prepared as price risk arising from available-for-sale investments – investment in an investee company which is measured at cost less impairment because the range of reasonable fair value estimates is so significance and its fair value cannot be reliably measured.

The Group is also exposed to debt price risk through its investment in available-for-sale investments – debt instruments (as disclosed in note 25) as at 31 March 2011. No sensitivity analysis was prepared as the financial impact arising on changes in fair value is expected to be minimal due to the short maturity.

6. FINANCIAL INSTRUMENTS *(Cont'd)*

b. Financial risk management objectives and policies *(Cont'd)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment dates. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Less than 3 months	3 months to 4 months	Total undiscounted cash flows	Carrying amount
	HK$	HK$	HK$	HK$
As at 31 March 2011				
Trade and other payables	**61,924,256**	**359,411**	**62,283,667**	**62,283,667**
Amounts due to related companies	**4,746,690**	**–**	**4,746,690**	**4,746,690**
Amount due to ultimate holding company	**11,228,445**	**–**	**11,228,445**	**11,228,445**
Loans from ultimate holding company	**6,059,788**	**–**	**6,059,788**	**6,059,788**
Dividend payable to non-controlling shareholders	**28,889,133**	**–**	**28,889,133**	**28,889,133**
	112,848,312	**359,411**	**113,207,723**	**113,207,723**
As at 31 March 2010				
Trade and other payables	4,984,233	540,845	5,525,078	5,525,078
Amount due to an associate	896,563	–	896,563	896,563
Amount due to ultimate holding company	122,238	–	122,238	122,238
Loans from ultimate holding company	3,826,000	–	3,826,000	3,826,000
	9,829,034	540,845	10,369,879	10,369,879

6. FINANCIAL INSTRUMENTS *(Cont'd)*

c. Fair value

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their corresponding fair values.

7. REVENUE AND SEGMENT INFORMATION

Information reported to the managing director of the Company, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on the types of goods delivered. During the year ended 31 March 2011, the Group has acquired the subsidiaries as set out in note 34(a). Consequently, a new segment, packaging and printing business, has been included in the segment reporting.

The operating and reportable segments of the Group are:

1. Pharmaceutical and biotechnology business – manufacture and sale of pharmaceutical products including flagship products "Cerebroprotein Hydrolysate for injection" and other medicine.

2. Mineral resources business – exploration of copper, lead, zinc and non-ferrous mineral resources.

3. Packaging and printing business – sales of packaging and printing products, including cigarette related products and non-cigarette related products.

7. REVENUE AND SEGMENT INFORMATION *(Cont'd)*

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by segment.

For the year ended 31 March 2011

	Pharmaceutical and biotechnology business HK$	Mineral resources business HK$	Packaging and printing business HK$	Segment total HK$	Unallocated HK$	Consolidated HK$
REVENUE – EXTERNAL	103,660,698	–	97,055,609	200,716,307	5,629,894	206,346,201
SEGMENT PROFIT (LOSS)	59,858,436	(3,177,244)	16,793,888	73,475,080		73,475,080
Other income and gains						1,338,369
Gain arising from change in fair value of an investment property						12,400,000
Gain on disposal of an associate						15,748,002
Gain on disposal of subsidiaries						4,500,845
Unallocated expenses						(8,007,068)
Share of results of an associate						1,981,483
Profit for the year						101,436,711

For the year ended 31 March 2010

	Pharmaceutical and biotechnology business HK$	Mineral resources business HK$	Segment total HK$	Unallocated HK$	Consolidated HK$
REVENUE – EXTERNAL	77,473,929	–	77,473,929	5,477,110	82,951,039
SEGMENT PROFIT (LOSS)	43,493,459	(1,747,400)	41,746,059		41,746,059
Other income and gains					667,623
Gain arising from change in fair value of an investment property					3,800,000
Unallocated expenses					(6,180,289)
Share of results of associates					658,254
Profit for the year					40,691,647

7. REVENUE AND SEGMENT INFORMATION *(Cont'd)*

(a) Segment revenues and results *(Cont'd)*

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment revenue excludes dividend income and office building rental, details of which were disclosed in Note 7(f). Segment profit (loss) represents the profit after taxation earned by/loss after taxation from each segment without allocation of central administration costs, directors' salaries, and certain other income and gains, gain arising from change in fair value of an investment property and share of profit of associates. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment:

	2011	2010
	HK$	HK$
Segment assets		
Packaging and printing business	**449,677,504**	–
Pharmaceutical and biotechnology business	**162,945,340**	96,592,490
Mineral resources business	**36,655,853**	34,463,624
Total segment assets	**649,278,697**	131,056,114
Assets classified as held-for-sale	**–**	37,720,135
Unallocated assets		
Investment property	**–**	24,600,000
Property, plant and equipment	**778,035**	1,060,645
Interest in an associate	**15,518,244**	14,651,110
Available-for-sale investments – investment in an investee company	**32,465,141**	32,465,141
Properties held for development	**–**	121,178,821
Other receivables	**8,872,699**	6,630,257
Bank deposits	**278,938,171**	68,282,503
Bank balances and cash	**4,993,769**	24,111,219
Consolidated assets	**990,844,756**	461,755,945

7. REVENUE AND SEGMENT INFORMATION *(Cont'd)*

(b) Segment assets and liabilities *(Cont'd)*

	2011 **HK$**	2010 HK$
Segment liabilities		
Packaging and printing business	**124,154,398**	–
Pharmaceutical and biotechnology business	**11,803,050**	16,261,119
Mineral resources business	**6,998,474**	4,018,013
Total segment liabilities	**142,955,922**	20,279,132
Unallocated liabilities		
Other payables	**5,656,555**	2,576,062
Consolidated liabilities	**148,612,477**	22,855,194

Segment assets and liabilities represent assets and liabilities of respective segments.

(c) Other segment information

	2011					
	Pharmaceutical and biotechnology business HK$	Mineral resources business HK$	Packaging and printing business HK$	Segment total HK$	Unallocated HK$	Total HK$
Amount included in the measure of segment profit or loss or segment assets						
Additions of non-current assets (note)	2,139,660	766,406	67,432,134	70,338,200	27,931	70,366,131
Amortisation of intangible assets	–	–	3,469,399	3,469,399	–	3,469,399
Depreciation of property, plant and equipment	2,175,098	666,665	3,921,288	6,763,051	516,083	7,279,134
Amortisation of prepaid lease payments	92,115	–	103,736	195,851	–	195,851
Loss on disposal of property, plant and equipment	64,620	–	–	64,620	103,709	168,329
Interest income	260,361	382,421	930,540	1,573,322	1,308,744	2,882,066
Income tax	14,674,761	–	3,385,459	18,060,220	657,858	18,718,078

7. REVENUE AND SEGMENT INFORMATION *(Cont'd)*

(c) Other segment information *(Cont'd)*

	2010				
	Pharmaceutical and biotechnology business HK$	Mineral resources business HK$	Segment total HK$	Unallocated HK$	Total HK$
Amount included in the measure of segment profit or loss or segment assets					
Additions of non-current assets (note)	2,049,050	2,892,477	4,941,527	–	4,941,527
Depreciation of property, plant and equipment	2,483,109	531,833	3,014,942	239,043	3,253,985
Amortisation of prepaid lease payments	89,707	–	89,707	–	89,707
Loss on disposal of property, plant and equipment	–	1,654	1,654	–	1,654
Interest income	207,093	442,460	649,553	261,095	910,648
Income tax	7,544,517	–	7,544,517	2,699,816	10,244,333

Note: The amounts represent additions of property, plant and equipment and exploration and evaluation assets during the year, of which majority of the non-current assets of packaging and printing business are acquired through the acquisition of subsidiaries during the year ended 31 March 2011 as set out in note 34(a).

(d) Geographical information

The Group principally operates in Hong Kong and the PRC (country of domicile).

The following table provides an analysis of the Group's sales by geographical market irrespective of the origin of goods/services.

The Group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	2011 HK$	2010 HK$	**2011 HK$**	2010 HK$
The PRC (country of domicile)	**200,716,307**	77,473,929	**228,412,686**	50,299,532
Hong Kong	**5,629,894**	5,477,110	**18,393,759**	25,660,644
	206,346,201	82,951,039	**246,806,445**	75,960,176

Note: Non-current assets excluded financial instruments.

7. REVENUE AND SEGMENT INFORMATION *(Cont'd)*

(e) Information about major customers

Revenue from major customers which accounts for 10% or more of the Group's revenue are as follows:

	2011 HK$	2010 HK$
Company A[1]	**92,085,995**	65,389,823
Company B[2]*	**57,179,382**	–

* Company B is a customer of the newly acquired segment during the year ended 31 March 2011.

[1] Revenue from sales of pharmaceutical and biotechnology products.

[2] Revenue from sales of packaging and printing products.

(f) Revenue from major products and services

	2011 HK$	2010 HK$
Pharmaceutical and biotechnology products		
– Cerebroprotein Hydrolysate for injection	**92,121,136**	70,020,882
– Vinpocetine for injection and Aceglutamide for injection and others	**11,539,562**	7,453,047
	103,660,698	77,473,929
Packaging and printing products		
– cigarette related products	**88,491,092**	–
– non-cigarette related products	**8,564,517**	–
	97,055,609	–
Dividend income	**5,629,894**	4,673,836
Office building rental	**–**	803,274
	206,346,201	82,951,039

8. OTHER INCOME AND GAINS

	2011 HK$	2010 HK$
Design fee income	**4,066,055**	–
Interest income on bank deposits	**2,882,066**	910,648
Interest income on available-for-sale investments – debt instruments	**956,897**	752,680
Release of government grants in relation to certain assets (note 29)	**345,514**	335,436
Government grants (note)	**142,435**	1,036,640
Fair value change of held-for-trading investments	**–**	248,605
Others	**1,372,557**	406,540
	9,765,524	3,690,549

Note: During the year ended 31 March 2011, a PRC subsidiary received an amount of approximately HK$142,000 (2010: HK$199,000) to recognise the eminent brand of pharmaceutical and biotechnology products. During the year ended 31 March 2010, a PRC subsidiary received an amount of approximately HK$838,000 representing incentives granted by local authority for encouragement of its business development. No such incentive was received during the year ended 31 March 2011. These grants are accounting for as immediate financial support with no future related costs expected to be incurred nor related to any assets.

9. INCOME TAX EXPENSE

	2011 HK$	2010 HK$
Current tax		
PRC enterprise income tax	**15,035,976**	7,544,517
Withholding tax	**1,241,285**	2,114,976
Overprovision in prior years		
PRC enterprise income tax	**(542,963)**	–
Deferred tax (note 31):		
Current year	**2,983,780**	584,840
	18,718,078	10,244,333

The Company was incorporated in the Cayman Islands and is not subject to any income tax.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit arising in, or derived from, Hong Kong for both years.

Taxation arising in the PRC is calculated at the rates prevailing in the relevant jurisdictions.

9. INCOME TAX EXPENSE *(Cont'd)*

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is unified to 25% from 1 January 2008 onwards.

Yunnan Meng Sheng Pharmaceutical Co., Limited ("Meng Sheng"), a subsidiary of the Group, is established in the Kunming economic open zone. Pursuant to the relevant laws and regulations in the PRC, Meng Sheng was entitled to a preferential Enterprise Income Tax rate of 15% on an annual basis. The tax rate applicable is 15% for both years.

Zhuhai Special Economic Zone Cheng Cheng Printing Co., Ltd. ("Cheng Cheng"), a newly acquired subsidiary of the Group, was recognised as a High-Tech Enterprise and is subject to preferential tax rate of 15% from November 2009 to November 2012.

Details of deferred taxation are set out in note 31. The income tax expense for both years can be reconciled to the profit before tax per the consolidated statement of comprehensive income as follows:

	2011 **HK$**	2010 HK$
Profit before tax	**120,154,789**	50,935,980
Tax at 25% for the year ended 31 March 2011 and 2010	**30,038,697**	12,733,995
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(2,252,692)**	208,556
Tax effect of share of results of an associate/associates	**(495,371)**	(164,564)
Tax effect of expenses not deductible for tax purpose	**1,140,233**	776,727
Tax effect of income not taxable for tax purpose	**(6,639,574)**	(809,113)
Tax effect of tax losses not recognised	**2,311,959**	1,658,102
Tax effect on deductible temporary differences not recognised	**6,561**	6,585
Utilisation of tax losses previously not recognised	**(16,758)**	(83,560)
Utilisation of deductible temporary differences previously not recognised	**(144)**	(638,220)
Effect of tax concession grant to PRC subsidiaries	**(9,990,523)**	(6,144,684)
Overprovision in respect of prior years	**(542,963)**	–
Withholding tax of income generated from PRC	**5,110,734**	2,699,816
Others	**47,919**	693
Income tax expense for the year	**18,718,078**	10,244,333

For the year ended 31 March 2011

10. PROFIT FOR THE YEAR

	2011	2010
	HK$	HK$
Profit for the year has been arrived at after charging:		
Directors' emoluments	**360,000**	360,000
Other staff costs		
Salaries and other benefits	**26,442,318**	9,658,345
Retirement benefits scheme contributions	**1,548,676**	486,207
Total staff costs	**28,350,994**	10,504,552
Amortisation of prepaid lease payments	**195,851**	89,707
Auditors' remuneration	**1,238,713**	698,193
Cost of inventories recognised as expense (including amortisation of intangible assets of HK$3,469,399 (2010: Nil))	**85,906,213**	19,569,250
Depreciation of property, plant and equipment	**7,279,134**	3,253,985
Loss on disposal of property, plant and equipment (included in other expenses)	**168,329**	1,654
Research and development costs (included in other expenses)	**5,764,788**	265,901
and after crediting:		
Dividend income from available-for-sale investments investment in an investee company	**5,629,894**	4,673,836
Net foreign exchange gain	**235,058**	43,492

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments of the directors on a name basis are as follows:

For the year ended 31 March 2011

		Other emoluments		
	Fees	**Salaries and other benefits**	**Retirement benefits scheme contributions**	**Total emoluments**
	HK$	HK$	HK$	HK$
Fang Wen Quan*	**60,000**	**–**	**–**	**60,000**
Li Suiming*	**60,000**	**–**	**–**	**60,000**
Liu Huijiang*	**60,000**	**–**	**–**	**60,000**
Chiu Sung Hong	**60,000**	**–**	**–**	**60,000**
Chiu Fan Wa	**60,000**	**–**	**–**	**60,000**
Lam Yat Fai	**60,000**	**–**	**–**	**60,000**
	360,000	**–**	**–**	**360,000**

For the year ended 31 March 2010

		Other emoluments		
	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total emoluments
	HK$	HK$	HK$	HK$
Fang Wen Quan*	60,000	–	–	60,000
Li Suiming*	60,000	–	–	60,000
Liu Huijiang*	60,000	–	–	60,000
Chiu Sung Hong	60,000	–	–	60,000
Chiu Fan Wa	60,000	–	–	60,000
Lam Yat Fai	60,000	–	–	60,000
	360,000	–	–	360,000

* Executive directors

None of the directors waived any emoluments during the years ended 31 March 2011 and 2010.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Cont'd)*

(b) Employees' emoluments

During the year ended 31 March 2011, of the five individuals with the highest emoluments in the Group, none (2010: none) was a director of the Company whose emolument is included in the disclosures in note (a) above. The emoluments of the remaining five (2010: five) individuals were as follows:

	2011 **HK$**	2010 HK$
Salaries and other benefits	**3,208,461**	1,502,316
Contributions to retirement benefits scheme	**24,000**	34,505
	3,232,461	1,536,821

Their emoluments were within the following bands:

	2011 **No. of employees**	2010 No. of employees
HK$nil to HK$1,000,000	**4**	5
HK$1,000,001 to HK$1,500,000	**1**	–

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

12. BASIC EARNINGS PER SHARE

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

	2011 **HK$**	2010 HK$
Earnings		
Earnings for the purpose of basic earnings per share	**67,426,465**	21,287,092
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,555,016,059**	935,059,080

No diluted earnings per share is presented as the Company did not have any dilutive shares in issue during both years.

13. DIVIDENDS

The final dividend of HK0.72 cent per share and special dividend of HK0.66 cent per share in respect of the year ended 31 March 2011 have been proposed by the directors and is subject to the approval by the shareholders at Annual General Meeting.

On 9 July 2010, the final dividend of HK0.45 cent per share in respect of the year ended 31 March 2010 had been proposed by the directors and were approved by the shareholders at Annual General Meeting.

14. INVESTMENT PROPERTY

	HK$
FAIR VALUE	
At 1 April 2009	20,800,000
Increase in fair value recognised in profit or loss	3,800,000
At 31 March 2010 and 1 April 2010	24,600,000
Increase in fair value recognised in profit or loss	12,400,000
Disposals	(37,000,000)
At 31 March 2011	–

The investment property of the Group is property interests held under long-term operating lease in Hong Kong for the purposes of earning rentals and is measured using the fair value model and is classified and accounted for as investment property.

During the year ended 31 March 2011, the investment property was disposed of to a third party at a consideration of HK$37,000,000. An increase in fair value of HK$12,400,000 was recognised in profit or loss.

The fair value of the Group's investment property at 31 March 2010 had been arrived at on the basis of a valuation carried out on the same date by Vigers Appraisal and Consulting Limited, independent qualified professional valuers not connected to the Group. The valuation was arrived at using the direct comparison method by reference to recent market prices for similar properties in the same locations and conditions.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$	Plant and machinery HK$	Leasehold improvements HK$	Furniture, fixtures and equipment HK$	Motor vehicles HK$	Total HK$
COST						
At 1 April 2009	17,388,952	11,504,406	2,824,556	3,664,326	2,847,630	38,229,870
Exchange realignment	87,465	62,594	–	6,254	18,780	175,093
Reclassification	–	–	(51,600)	(191,588)	243,188	–
Additions	–	1,974,323	–	80,722	1,682,280	3,737,325
Disposals/written-off	–	–	–	–	(243,954)	(243,954)
At 31 March 2010 and 1 April 2010	17,476,417	13,541,323	2,772,956	3,559,714	4,547,924	41,898,334
Exchange realignment	1,436,735	2,125,833	–	126,846	385,111	4,074,525
Acquired on acquisition of subsidiaries (note 34(a))	12,636,307	48,796,822	–	2,200,182	986,154	64,619,465
Additions	–	3,719,676	–	461,589	814,071	4,995,336
Disposals/written-off	–	–	(292,500)	(403,562)	(242,632)	(938,694)
At 31 March 2011	**31,549,459**	**68,183,654**	**2,480,456**	**5,944,769**	**6,490,628**	**114,648,966**
ACCUMULATED DEPRECIATION						
At 1 April 2009	4,957,153	4,667,787	2,658,032	1,750,500	960,800	14,994,272
Exchange realignment	26,110	27,234	–	2,552	7,545	63,441
Reclassification	–	–	(5,160)	(213,707)	218,867	–
Provided for the year	879,330	1,210,536	56,092	317,662	790,365	3,253,985
Eliminated on disposals/written-off	–	–	–	–	(219,558)	(219,558)
At 31 March 2010 and 1 April 2010	5,862,593	5,905,557	2,708,964	1,857,007	1,758,019	18,092,140
Exchange realignment	374,970	643,407	–	39,942	352,045	1,410,364
Provided for the year	913,401	4,809,095	19,930	597,933	938,775	7,279,134
Eliminated on disposals/written-off	–	–	(248,438)	(343,667)	(178,010)	(770,115)
At 31 March 2011	**7,150,964**	**11,358,059**	**2,480,456**	**2,151,215**	**2,870,829**	**26,011,523**
CARRYING VALUES						
At 31 March 2011	**24,398,495**	**56,825,595**	**–**	**3,793,554**	**3,619,799**	**88,637,443**
At 31 March 2010	11,613,824	7,635,766	63,992	1,702,707	2,789,905	23,806,194

The buildings, which are situated on leasehold land held under medium-term leases, are located in the PRC.

15. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	3% – 10%
Plant and machinery	5% – 10%
Leasehold improvements	Over the term of the lease
Furniture, fixtures and equipment	10% – 20%
Motor vehicles	10% – 20%

16. PREPAID LEASE PAYMENTS

	2011 **HK$**	2010 HK$
Prepaid lease payments for medium-term leasehold land in the PRC:		
Included in current assets	**146,231**	89,596
Included in non-current assets	**11,169,904**	3,815,054
	11,316,135	3,904,650

Prepaid lease payments are released to profit or loss over the lease terms of 50 years.

17. GOODWILL

	Meng Sheng HK$	**Cheng Cheng** HK$	**Total** HK$
COST			
At 1 April 2009	6,021,017	–	6,021,017
Exchange realignment	30,256	–	30,256
At 31 March 2010 and 1 April 2010	6,051,273	–	6,051,273
Arising on acquisition of subsidiaries (note 34(a))	–	49,511,286	49,511,286
Exchange realignment	312,546	1,186,325	1,498,871
At 31 March 2011	**6,363,819**	**50,697,611**	**57,061,430**

17. GOODWILL *(Cont'd)*

For the purposes of impairment testing, the goodwill has been allocated to two cash generating units (the "CGU") representing two PRC subsidiaries, (1) the sale of pharmaceutical and biotechnology products segment for Meng Sheng, and (2) sale of packaging and printing products segment for Cheng Cheng. During the years ended 31 March 2011 and 2010, management of the Group determines that there is no impairment of the CGUs containing goodwill.

The recoverable amount of the CGU arising from Meng Sheng and Cheng Cheng were determined based on value in use calculations. The value in use calculations use cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate of 10.71% (2010: 6.89%) for Meng Sheng and 16.60% (2010: Nil) for Cheng Cheng, respectively, determined based on the weighted average cost of capital ("WACC"), respectively. Cash flow projections during the budget period for the CGUs are based on the expected gross margins during the budget period. Budgeted gross margins were determined based on past performance and the management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amounts of the CGUs to exceed the aggregate recoverable amounts of CGUs.

18. INTANGIBLE ASSETS

	Customer relationship HK$
COST	
At 1 April 2009, 31 March 2010 and 1 April 2010	–
Arising from acquisition of subsidiaries (note 34(a))	69,314,900
Exchange realignment	1,660,834
At 31 March 2011	**70,975,734**
ACCUMULATED AMORTISATION	
At 1 April 2009, 31 March 2010 and 1 April 2010	–
Provided for the year	(3,469,399)
Exchange realignment	(79,388)
At 31 March 2011	**(3,548,787)**
CARRYING VALUE	
At 31 March 2011	**67,426,947**
At 31 March 2010	–

18. INTANGIBLE ASSETS *(Cont'd)*

Intangible assets represent customer relationship in Cheng Cheng acquired during the year 2011. Cheng Cheng has long and close business relationship with the major customer, who is also the non-controlling shareholder of Cheng Cheng. The acquisition of the customer base has allowed the Group to stabilise the revenue base from packaging and printing business.

Amortisation is provided to write off the cost of the customer relationship using the straight-line method over the estimated life of the customer relationship of 10 years.

19. EXPLORATION AND EVALUATION ASSETS

	HK$
At 1 April 2009	1,820,930
Additions during the year	1,204,202
Exchange realignment	11,413
At 31 March 2010 and 1 April 2010	3,036,545
Additions during the year	751,330
Exchange realignment	174,016
At 31 March 2011	**3,961,891**

Included in the above balance are expenditures incurred for carrying out activities in relation to geological research over three (2010: two) concession areas to evaluate the technical feasibility of exploration and extraction of mineral resources and acquisition of rights to explore nonferrous metal resources in the Yunnan Province of the PRC. Two of them are expiring in June 2011. The renewal of the rights are still in progress up to the date of this report. The directors of the Company believes that the rights can be eventually renewed without significant cost. During the years ended 2011 and 2010, the directors of the Company determined that there was no fact and circumstance suggesting the carrying amount of exploration and evaluation assets exceeding its recoverable amount and no impairment is recognised in profit or loss.

20. INTEREST IN AN ASSOCIATE

	2011 **HK$**	2010 HK$
Cost of unlisted investment in associate	**13,825,570**	52,246,744
Share of post-acquisition profits (losses), net of dividends received	**54,214**	(9,093,251)
Accumulated exchange realignment	**1,638,460**	9,217,752
Reclassified to assets classified as held-for-sale (Note 27)	**–**	(37,720,135)
	15,518,244	14,651,110

Pursuant to a sale and purchase agreement entered into on 30 March 2010, the Company agreed to dispose of its entire equity interest in Shenzhen Xinpeng Biotechnology Engineering Co., Limited ("Shenzhen Xinpeng") to a third party. Accordingly the carrying amount attributable to this investment were reclassified to assets classified as held-for-sale as at 31 March 2010. The Company ceased to use equity method accounting for its share of results of Shenzhen Xinpeng starting from 30 March 2010. The disposal was subsequently completed on 19 November 2010. Details are set out in note 27.

As at 31 March 2011 and 2010, the Group had interest in the following associate:

Name of associate	**Form of entity**	**Place of establishment and operation**	**Attributable interest in registered capital held by the Group** **2011**	2010	**Principal activities**
Yunnan Huaning Xingning Colour Printing Co., Limited 雲南華寧興寧彩印有限公司 ("Huaning Xingning")	Incorporated	PRC	**25%**	25%	Printing and sale of cigarette packaging packs and boxes

20. INTEREST IN AN ASSOCIATE *(Cont'd)*

Included in the cost of investment in an associate is goodwill amounting to HK$2,139,931 (2010: HK$2,034,840) arising on acquisition of Huaning Xingning in prior years.

The movement of goodwill is set out below:

	HK$
COST	
At 1 April 2009	2,024,666
Exchange realignment	10,174
At 31 March 2010 and 1 April 2010	2,034,840
Exchange realignment	105,091
At 31 March 2011	**2,139,931**

No impairment loss was recognised in respect of goodwill included in the investment in an associate during the years ended 31 March 2011 and 2010.

The summarised financial information in respect of the Group's associates is set out below:

Results for the year ended 31 March

	Total	
	2011	2010
	HK$	HK$
Turnover	**51,985,912**	66,524,376
Depreciation	**1,273,576**	3,335,522
Profit for the year	**7,925,929**	3,728,067
Group's share of profit of an associate/associates for the year	**1,981,483**	658,254

20. INTEREST IN AN ASSOCIATE *(Cont'd)*

Financial position as at 31 March

The results for the year ended 31 March 2010 include Shenzhen Xinpeng, which was reclassified to assets classified as held-for-sale at 31 March 2010.

	Total	
	2011	2010
	HK$	HK$
Total assets	**68,258,487**	55,327,346
Total liabilities	**(14,745,233)**	(4,862,265)
Net assets	**53,513,254**	50,465,081
Group's share of net assets of an associate	**13,378,313**	12,616,270

The financial position as at 31 March 2010 exclude Shenzhen Xinpeng.

21. AVAILABLE-FOR-SALE INVESTMENTS – INVESTMENT IN AN INVESTEE COMPANY

The investment in an investee company at 31 March 2011 is accounted for as an available-for-sale investment which represents the Group's 18.75% (2010: 18.75%) equity interest in the registered capital of 玉溪環球彩印紙盒有限公司 (Yuxi Globe Colour Printing Carton Co., Ltd.) ("Globe Printing"), a private limited company registered in the PRC engaged in the business of printing and sale of cigarette packaging packs and boxes. This investment is measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably.

During the years ended 31 March 2011 and 2010, management of the Group performed a review of the recoverable amount of the investment in Globe Printing and no impairment loss was recognised in profit or loss.

22. INVENTORIES

	2011	2010
	HK$	HK$
Raw materials	**26,398,804**	2,656,623
Work in progress	**6,405,078**	148,601
Finished goods	**54,547,137**	1,364,345
	87,351,019	4,169,569

23. PROPERTIES HELD FOR DEVELOPMENT

	HK$
Cost	
At 1 April 2009	120,572,522
Exchange realignment	606,299
At 31 March 2010 and 1 April 2010	121,178,821
Exchange realignment	3,276,377
Disposal during the year (note 34(b))	(124,455,198)
At 31 March 2011	–

The balances at 31 March 2010 represented leasehold land located in the PRC for development of residential properties for future sale. The Group was in the process of site structure design and no construction was commenced up to the date of disposal.

At 31 March 2010, the management reviewed the carrying amount of the properties with reference to the estimated selling price based on prevailing market conditions, less applicable variable selling expenses and anticipated costs to completion of the residential properties provided by Vigers Appraisal and Consulting Limited. No write-down on the carrying amount of the properties was required for the year ended 31 March 2010.

On 5 May 2010, the Group entered into an agreement to dispose of the entire interest in a wholly-owned subsidiary holding the properties to Tianda Group and particulars of this transaction was set out in note 34(b).

24. TRADE AND OTHER RECEIVABLES

	2011 **HK$**	2010 HK$
Trade receivables	**5,118,559**	267,399
Dividends receivable from available-for-sale investments – investments in an investee company and an associate (note)	**6,869,417**	4,440,144
Other receivables, deposits and prepayments	**5,518,613**	4,098,011
Total trade and other receivables	**17,506,589**	8,805,554

Note: Amount being unsecured, non-interest bearing and repayable on demand.

24. TRADE AND OTHER RECEIVABLES *(Cont'd)*

The Group allows a credit period ranging from 30 to 60 days to certain number of its trade customers. The aging analysis of trade receivables is presented based on the invoice date at the end of the reporting date:

	2011	2010
	HK$	HK$
0 – 60 days	**3,410,093**	256,092
Over 60 days	**1,708,466**	11,307
	5,118,559	267,399

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits of each customer. Limits attributed to customers are reviewed once a year. All of the trade receivables that are neither past due nor impaired have the best credit quality assessed by the Group.

Included in the Group's trade receivables balance are debtors with an aggregate carrying amount of HK$1,708,466 (2010: HK$11,307) which are past due as at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience.

The Group does not hold any collateral over these balances. The average age of these receivables is as follow:

Aging of trade receivables which are past due but not impaired

	2011	2010
	HK$	HK$
61 – 90 days	**121,779**	–
Over 90 days	**1,586,687**	11,307
	1,708,466	11,307

24. TRADE AND OTHER RECEIVABLES *(Cont'd)*

Aging of trade receivables which are past due but not impaired *(Cont'd)*

The Group's trade and other receivables denominated in currencies other than the functional currency of the respective group entities are set out below:

	2011 **HK$**	2010 HK$
HK$	**2,003,283**	4,650,010

25. AVAILABLE-FOR-SALE INVESTMENTS – DEBT INSTRUMENTS

	2011 **HK$**	2010 HK$
Investment products (超短期法人理財產品)	**1,138,133**	–

During the year ended 31 March 2011, the Group acquired certain investment products from a bank. The investment products had short contractual maturity of 27 days and their principal and accrued interests can be redeemed at any time at the discretion of the Group. The return is determined with reference to the prevailing market interest rates and performance of the underlying debt investments invested by the bank and the principal is not protected by the bank. Accordingly, the Group is exposed to the credit risk of the underlying investments invested by the bank. The investment products are debt instruments and are designated as an available-for-sale investment on initial recognition. The return rate stated in the contract of the investment products is expected to be 4.2% per annum. The investment was fully redeemed as at date of this report.

In the opinion of the directors, the fair value of the investment products at the end of the reporting period approximated the principal amount, together with the accrued interests.

26. BANK DEPOSITS, BANK BALANCES AND CASH

The bank deposits, which comprise short-term fixed deposits with original maturity of 1–6 months (2010: 1 month), carry market interest rates ranging from 0.05% to 2.8% (2010: 0.16% to 1.71%) per annum.

Bank balances carry variable interest at market rates which range from 0.01% to 0.4% (2010: 0.01% to 0.85%) per annum.

The Group's bank deposits, bank balances and cash that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	2011	2010
	HK$	HK$
HK$	**269,174,552**	38,802,220
US$	**33,969,788**	41,169,910
EUR	**1,788,938**	–

27. ASSETS CLASSIFIED AS HELD-FOR-SALE

On 30 March 2010, the Group entered into a sale and purchase agreement with a third party to dispose of its entire 48% equity interest in Shenzhen Xinpeng, an associate of the Group engaged in research, development, manufacture and sales of biotechnology products, for a consideration of RMB38,850,000. The carrying amount attributable to this investment was classified as assets held-for-sale at 31 March 2010 with a view that the disposal is expected to be completed within twelve months. The net proceeds of the disposal was expected to be less than the aggregate carrying amount of the interest in this associate and goodwill attributable to this associate. As a result, an impairment loss of HK$1,510,604 was recognised as a write-down in the goodwill reserve and charged to retained earnings for the year ended 31 March 2010. Though there is provisional clause included in the sale and purchase agreement requesting the acquirer to pay the Group 30% of total consideration within 5 working days from the date of the agreement and 70% to be payable within 10 working days upon completion, none of payment was received at the issuance date of the consolidated financial statements for the financial year ended 31 March 2010 due to the facts that transfer and registration procedures of the disposal of Shenzhen Xinpeng were yet to complete and the remittance of consideration was deferred accordingly. The transaction was finally completed on 19 November 2010 and the consideration of RMB 38,850,000 (equivalent to HK$44,332,798) was received on the same date. Gain on disposal of an associate of HK$15,748,002 was recognised during the year ended 31 March 2011. The gain on disposal represents i) the excess of the consideration received over the interests in an associate of HK$6,612,663; ii) waiver of balance due to an associate of HK$773,014, and; iii) the reclassification of exchange reserve of HK$8,362,325 to the profit or loss upon disposal, which was related to translation reserve arisen from the translation of the associate's functional currency, RMB, to the Company's functional currency, HK$, before the change of functional currency of the Company from HK$ to RMB in the year ended 31 March 2010. Goodwill reserve of HK$6,427,865 was transferred to accumulated profits directly upon disposal.

27. ASSETS CLASSIFIED AS HELD-FOR-SALE *(Cont'd)*

The assets classified as held-for-sale at 31 March 2010 are as follows:

	2010 HK$
Interests in an associate (Note 20)	37,720,135

The major classes of assets and liabilities of Shenzhen Xinpeng at 31 March 2010, which were attributable to the Group at 48% of net assets, were as follows:

	2010 HK$
Property, plant and equipment	38,764,464
Prepayment for intangible assets	6,698,496
Inventories	5,717,183
Trade and other receivables	34,392,884
Bank balances and cash	5,929,325
Trade and other payables	(12,582,553)
Tax payable	(336,185)
	78,583,614

The associate was accounted for using equity method prior to the reclassification to assets classified as held-for-sale and no cash flow was generated from the investment in Shenzhen Xinpeng. Accordingly no cash flow is presented.

28. TRADE AND OTHER PAYABLES

The following is an analysis of the Group's trade and other payables at the end of the reporting period:

	2011 **HK$**	2010 HK$
Trade payables (note)		
Within 60 days	**27,088,378**	1,198,664
61 – 90 days	**2,012,524**	190,352
Over 90 days	**4,183,287**	199,085
	33,284,189	1,588,101
Note payables		
Within 60 days	**10,007,598**	–
61 – 90 days	**14,331,246**	–
	24,338,844	–
Deposits received from customers	**1,472,872**	4,768,359
Other payables and accruals	**5,973,674**	4,799,194
Total trade and other payables	**65,069,579**	11,155,654

Note: The aging analysis of trade payables presented is based on the invoice date at the end of the reporting period.

The credit period on purchases of goods ranges from 30 days to 120 days. The Group monitors and maintains a level of cash and cash equivalents sufficient to ensure that all payables are within the credit timeframe.

29. GOVERNMENT GRANTS

	HK$
At 1 April 2009	2,507,868
Charged to profit or loss	(335,436)
Exchange realignment	11,984
At 31 March 2010 and 1 April 2010	2,184,416
Charged to profit or loss	(345,514)
Exchange realignment	104,910
At 31 March 2011	**1,943,812**

Analysed for reporting purposes as:

	2011 **HK$**	2010 HK$
Current liabilities*	**353,420**	336,064
Non-current liabilities	**1,590,392**	1,848,352
	1,943,812	2,184,416

* The carrying amount of the government grants which is expected to be released to profit or loss in the next twelve months is classified as current.

Note:

Grants were designated for the cost of acquisition of certain plant and equipment for the production of a pharmaceutical and biotechnology product and were deferred and are released to income on a straight-line basis over the expected useful lives of the related assets.

30. SHARE CAPITAL

	Number of shares	Amount
		HK$
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2009, 31 March 2010 and 1 April 2010	2,000,000,000	200,000,000
Increase on 22 June 2010	2,000,000,000	200,000,000
At 31 March 2011	**4,000,000,000**	**400,000,000**
Issued and fully paid:		
At 1 April 2009, 31 March 2010 and 1 April 2010	935,059,080	93,505,908
Issued of shares under open offer	935,059,080	93,505,908
At 31 March 2011	**1,870,118,160**	**187,011,816**

Pursuant to an extraordinary general meeting held on 13 July 2010, the Company's authorised share capital was increased from HK$200,000,000 divided into 2,000,000,000 shares to HK$400,000,000 divided into 4,000,000,000 shares by the creation of additional 2,000,000,000 shares. All shares rank pari passu in all aspects with the existing shares.

On 2 August 2010, 935,059,080 ordinary shares of the Company were issued under an open offer on the basis of one offer share for every existing share at a subscription price of HK$0.21 per offer share. The net proceeds from the open offer of HK$195,066,502 will be used for general working capital and for investments business should any opportunities arise.

31. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$	Tax losses HK$	Prepaid lease payments HK$	Intangible assets HK$	Withholding tax on distributable profit of subsidiaries HK$	Total HK$
At 1 April 2009	487	(487)	–	–	–	–
(Credit) charge to profit or loss	(98)	98	–	–	584,840	584,840
At 31 March 2010 and 1 April 2010	389	(389)	–	–	584,840	584,840
Arising from acquisition of a subsidiary (note 34(a))	–	–	1,281,025	17,328,725	–	18,609,750
(Credit) charge to profit or loss	(110)	110	(18,320)	(867,349)	3,869,449	2,983,780
Exchange realignment	–	–	30,276	395,360	–	425,636
At 31 March 2011	**279**	**(279)**	**1,292,981**	**16,856,736**	**4,454,289**	**22,604,006**

The Group's subsidiaries that are tax resident in the PRC are subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC resident immediate holding company registered in Hong Kong and the British Virgin Islands, respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008. Accordingly, a provision for deferred taxation in respect of withholding tax on undistributed earnings of HK$48,919,000 has been recognised for the year ended 31 March 2011 (2010: HK$5,848,000).

At 31 March 2011, the Group had unused tax losses of HK$145,864,300 (2010: HK$131,853,000) available to offset against future profits. A deferred tax asset has been recognised in respect of tax losses of HK$1,700 (2010: HK$2,400). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$145,862,600 (2010: HK$131,850,600) due to the unpredictability of future profit streams. All these losses may be carried forward indefinitely.

At 31 March 2011, the Group has other deductible temporary differences of HK$1,060,000 (2010: HK$1,021,000) and nil (2010: HK$6,124,000) in respect of excess of accounting depreciation over depreciation allowances and revaluation of an investment property, respectively. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

32. RETIREMENT BENEFITS SCHEME

The Group's Hong Kong subsidiaries operate a Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") for those employees who are eligible to participate in the MPF Scheme. Contribution are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. The Group contributes 5% of relevant payroll costs to the MPF Scheme up to a maximum contribution of HK$1,000 per employee monthly, which contribution is matched by the employee.

The total cost charged to profit or loss of HK$63,749 (2010: HK$70,423) represents contributions paid to the MPF Scheme by the Group in respect of the current year.

The employees of the Group's PRC subsidiaries are members of state-managed retirement benefit scheme operated by the PRC government. These subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions. For the year ended 31 March 2011, the total cost charged to profit or loss of HK$1,484,927 (2010: HK$415,784) represents contributions paid to the state-managed retirement benefit scheme by the Group in respect of the current year.

33. OPERATING LEASE

The Group as lessee

Minimum lease payments paid under operating leases in respect of office premises during the year amounted to HK$4,921,804 (2010: HK$4,737,921).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2011 **HK$**	2010 HK$
Within one year	**4,299,000**	5,168,000
In the second to fifth year inclusive	**–**	4,308,000
	4,299,000	9,476,000

Operating leases are negotiated for an average term of 3 years and rentals are fixed over the relevant lease term.

33. OPERATING LEASE *(Cont'd)*

The Group as lessor

During the year ended 31 March 2010, property rental income, less direct operating expenses from the investment property of HK$145,980, earned during the year was HK$657,294. The property held had no committed tenant as at 31 March 2010. The property was disposed of during the year ended 31 March 2011.

34. ACQUISITION OF SUBSIDIARIES/DISPOSAL OF SUBSIDIARIES

On 5 May 2010, the Company entered into the Asset Swap Agreement, pursuant to which the Company agreed to transfer its entire interest in Tinwise Investment Limited ("Tinwise"), a wholly-owned subsidiary of the Company, and its subsidiaries (collectively referred to as "Tinwise Group") to Tianda Group, the ultimate holding company, at a consideration of HK$160 million ("Disposal Consideration") in exchange for Tianda's Group 100% equity interest in Cheng Cheng BVI, an investment holding company with 60% indirect equity interest in a principal subsidiary, Cheng Cheng, at a consideration of HK$200 million ("Acquisition Consideration"), plus cash of HK$40 million being the shortfall between the Disposal Consideration and the Acquisition Consideration. Details of the transaction are set out in the Company's circular dated 22 June 2010. The transaction was completed on 1 October 2010. The acquisition and disposal are considered as connected transactions.

34. ACQUISITION OF SUBSIDIARIES/DISPOSAL OF SUBSIDIARIES *(Cont'd)*

(a) Acquisition of Cheng Cheng Group

Cheng Cheng Group is principally engaged in the sales of packaging and printing products in the PRC. Cheng Cheng Group was acquired to develop the Group's printing operations.

Assets acquired and liabilities of Cheng Cheng Group recognised at the date of acquisition are as follows:

	Acquiree's carrying amount before combination	**Fair value adjustments**	**Provisional fair value**
	HK$	HK$	HK$
Net assets acquired			
Property, plant and equipment	64,619,465	–	64,619,465
Prepaid lease payments	2,129,615	5,124,097	7,253,712
Intangible assets	–	69,314,900	69,314,900
Deposit for the acquisition of property, plant and equipment	2,250,884	–	2,250,884
Amounts due from related companies	3,528,137	–	3,528,137
Inventories	52,158,988	–	52,158,988
Trade and other receivables	15,104,865	–	15,104,865
Bank deposits	100,400,062	–	100,400,062
Bank balances and cash	31,352,444	–	31,352,444
Trade and other payables	(36,882,356)	–	(36,882,356)
Dividend payable	(36,552,516)	–	(36,552,516)
Amounts due to related companies	(1,893,958)	–	(1,893,958)
Tax payable	(1,223,196)	–	(1,223,196)
Deferred tax liabilities	–	(18,609,750)	(18,609,750)
	194,992,434	55,829,247	250,821,681
Non-controlling interests			(100,332,967)
Provisional goodwill			49,511,286
			200,000,000

34. ACQUISITION OF SUBSIDIARIES/DISPOSAL OF SUBSIDIARIES *(Cont'd)*

(a) Acquisition of Cheng Cheng Group *(Cont'd)*

The property, plant and equipment includes a factory building located in the PRC under medium-term lease and the intangible assets represent customer relationship identified in Cheng Cheng. Their fair value at 1 October 2010 have been arrived at on the basis of a valuation carried on that date by Asset Appraisal Limited, an independent qualified professional valuer, not connected to the Group. The property and the customer relationship have been valued on depreciated replacement cost approach and income approach, respectively.

The fair value of intangible assets has been determined on a provisional basis awaiting for further information before finalising the valuation.

The fair value of trade and other receivables at the date of acquisition approximates to their gross contractual amounts.

The non-controlling interest of 40% in Cheng Cheng recognised at the acquisition date was measured by reference to the non-controlling interest's proportionate share of the net fair value of the assets and liabilities of Cheng Cheng Group at the acquisition date.

The goodwill arising on the acquisition because the cost of combination include the control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the assembled workforce and anticipated profitability, of the sales of the Group's products packaging and printing business.

Cheng Cheng Group contributed approximately HK$97,056,000 to the Group's revenue for the year and approximately HK$16,794,000 to the Group's profit for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 April 2010, total group revenue for the year would have been HK$304,455,000 and profit for the year ended 31 March 2011 would have been HK$120,922,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2010, nor is it intended to be a projection of future results.

34. ACQUISITION OF SUBSIDIARIES/DISPOSAL OF SUBSIDIARIES *(Cont'd)*

(a) Acquisition of Cheng Cheng Group *(Cont'd)*

Pursuant to the acquisition agreement, the Acquisition Consideration is to be partly settled by the Disposal Consideration. An analysis is set out below:

	HK$
Satisfied by:	
Disposal Consideration (note 34(b))	160,000,000
Cash consideration	40,000,000
	200,000,000

Net cash outflow on acquisition of Cheng Cheng Group:

	HK$
Cash consideration paid	(40,000,000)
Bank balance and cash acquired	31,352,444
	(8,647,556)

(b) Disposal of Tinwise Group

The principal asset of Tinwise Group (collectively the "Disposal Group") is a property under development located in PRC held by its wholly owned indirect subsidiary, Zhuhai Tianheng Real Estates Company Limited for the development of residential properties for future sale.

	HK$
Analysis of assets and liabilities transferred to Tianda Group:	
Property under development	124,455,198
Bank balances and cash	31,102,251
Other payables	(35,100)
Net assets disposed of	155,522,349
Deemed capital contribution from the controlling shareholder	4,477,651
Disposal Consideration	160,000,000

34. ACQUISITION OF SUBSIDIARIES/DISPOSAL OF SUBSIDIARIES *(Cont'd)*

(b) Disposal of Tinwise Group *(Cont'd)*

The directors of the Company considered that the carrying value of the net assets disposed of approximate to its fair value by reference to the valuation on property under development at date of disposal provided by Vigers Appraisal and Consulting Limited. Accordingly, the excess of Disposal Consideration over the fair value of HK$4,477,651 was recorded in equity reserve as deemed contribution from a shareholder.

The disposal resulted in a gain of HK$4,500,845, representing the reclassification of the translation reserve arisen from the translation of subsidiary's functional currency, RMB, to the Company's functional currency, HK$, before the change in functional currency of the Company from HK$ to RMB, directly to profit or loss upon disposal. In addition, HK$4,727,348, representing the translation reserve arisen from the translation of subsidiary's and Company's functional currency, RMB to the Group's presentation currency, HK$, subsequent to the year ended 31 March 2010 was transferred directly to accumulated profits.

	HK$
Net cash outflow arising on disposal:	
Cash consideration received	–
Bank balances and cash disposed of	(31,102,251)
	(31,102,251)

During the period from 1 April 2010 to 1 October 2010, the Disposal Group did not have cash transactions.

35. SHARE OPTION SCHEME

Pursuant to the Company's share option scheme (the "Scheme") adopted on 13 July 2010 for the primary purpose of providing incentives to directors and eligible employees, the directors and employees of the Company may, at the discretion of the Company's directors, be granted options (the "Options") to subscribe for shares in the Company (the "Shares") at a price determined by its directors, but shall not be less than the highest of (i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of a Share on the Date of Grant.

Without prior approval from the Company's shareholders, the total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, and the number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time.

35. SHARE OPTION SCHEME *(Cont'd)*

The Scheme will remain in force for a period of ten years from the date of its adoption. Options granted must be taken up not later than 30 days after the date of grant. A consideration of HK$1 is payable on acceptance of the offer of grant of an option. An option is exercisable on the date when the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the options.

No options have been granted since the adoption of the Scheme.

36. RELATED PARTY TRANSACTIONS

(a) Amount due from (to) related companies

Amounts represent balances with related companies, which are either subsidiary or jointly-controlled entity of the non-controlling shareholder of the Company.

As at 31 March 2011, amounts of HK$23,374,128 (2010: Nil) included in the Group's amounts due from related companies which are trading in nature, arising from sales of packaging and printing products. The following is an aged analysis of the amount due from related parties presented based on the invoice date at the end of the reporting date:

	2011 **HK$**	2010 HK$
0 – 60 days	**23,221,900**	–
Over 60 days	**152,228**	–
	23,374,128	–

For trade related amounts due from related companies, the amounts are unsecured, non-interest bearing and with an average credit term of 60 days. The amount of HK$152,228 (2010: Nil) at 31 March 2011 which are past due as at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amount is still considered recoverable based on historical experience.

As at 31 March 2011, the Group's amounts due to related companies of HK$4,746,690 (2010: Nil) are trading in nature, arising from purchase of materials for packaging and printing products. The whole amount is aged within 60 days. The amounts are unsecured, non-interest bearing and with credit term ranged from 30 days to 120 days.

For non-trade related amounts due from (to) related companies, the amounts are unsecured, non-interest bearing and repayable on demand.

36. RELATED PARTY TRANSACTIONS *(Cont'd)*

(b) (i) During the year ended 31 March 2011, Tianda provided additional shareholders' loan to Tianda Mining (Gansu) Limited ("Tianda Gansu"), subsidiary of the Company for the working capital need for establishing a new subsidiary. As at 31 March 2011, loan contributed by the Tianda to Tianda Mining (Yunnan) Limited ("Tianda Yunnan"), subsidiary of the Company and Tianda Gansu amounted to HK$6,059,788 (2010: HK$3,826,000). Amount being unsecured, interest free and repayable on demand.

(ii) The amount due to an associate and amount due to ultimate holding company are unsecured, interest free and repayable on demand.

(c) During the year, the Group entered into the following transactions with related companies:

Name of related company	Notes	Nature of transactions	2011 HK$	2010 HK$
雲南中煙物資(集團)有限責任公司	(i)	Sales	**57,179,382**	–
香港紅塔國際煙草有限公司	(i)	Sales	**7,677,109**	–
天大藥業(珠海)有限公司	(i)	Sales	**613,305**	–
紅塔煙草(集團)有限責任公司	(i)	Sales	**436,300**	–
		Design Fee Income	**3,844,929**	–
Tianda Group	(ii)	Sales	**15,216**	–
雲南荷樂賓防偽技術有限公司	(i)	Purchase	**9,652,466**	–

Notes:

(i) The related companies are either subsidiaries or a jointly-controlled entity of the non-controlling shareholder of the Company.

(ii) The company is the ultimate holding company of the Company.

36. RELATED PARTY TRANSACTIONS *(Cont'd)*

(d) Compensation of key management personnel

The remunerations of directors and other members of key management during the year are as follows:

	2011 **HK$**	2010 HK$
Short-term benefits	**3,298,187**	961,469
Post-employment benefits	**24,000**	12,000
	3,322,187	973,469

The remunerations of key management, including directors, were determined by reference to the performance of individuals and market trends.

(e) On 5 May 2010, the Company had entered into an Asset Swap Agreement as set out in note 34. The acquisition of Cheng Cheng Group and disposal of Tinwise Group with Tianda Group was completed on 1 October 2010.

37. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2011, the acquisition consideration of Cheng Cheng Group was partly settled by the disposal consideration of Tinwise Group as set out in note 34.

During the year ended 31 March 2010, the deposit for machinery made in prior year were settled through property, plant and equipment upon receipt of relevant machineries.

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38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2011 HK$	2010 HK$
ASSETS		
Plant and equipment	**774,970**	977,980
Investments in subsidiaries	**127,770,681**	133,999,810
Other receivables	**1,933,270**	1,925,047
Amounts due from subsidiaries	**140,368,405**	118,208,062
Bank deposits	**229,063,430**	51,194,503
Bank balances and cash	**5,741,481**	6,609,354
	505,652,237	312,914,756
LIABILITIES		
Other payables	**2,846,398**	2,244,734
Amounts due to subsidiaries	**8,575,713**	8,602,429
	11,422,111	10,847,163
NET ASSETS	**494,230,126**	302,067,593
CAPITAL AND RESERVES		
Share capital	**187,011,816**	93,505,908
Reserves	**307,218,310**	208,561,685
TOTAL EQUITY	**494,230,126**	302,067,593

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company at 31 March 2011 and 2010 are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued ordinary share capital/registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2011 %	2010 %	**2011** %	2010 %	
Meng Sheng*	PRC	RMB36,000,000	**–**	–	**55**	55	Research, development, manufacture and sale of pharmaceutical and biotechnology products
Cheng Cheng**#	PRC	RMB117,875,800	**–**	–	**60**	–	Sales of packaging and printing products
Yunyu Bio-Pharmaceutical Company Limited	British Virgin Islands/PRC	US$1	**–**	–	**100**	100	Investment holding
Yunyu Holdings Limited	Hong Kong	HK$2	**100**	100	**–**	–	Investment holding
Tianheng Properties Limited^	Hong Kong	HK$10,000	**–**	–	**–**	100	Investment holding
Tianda Yunnan	Hong Kong	HK$100	**51**	51	**–**	–	Investment holding
Tianda Gansu	Hong Kong	HK$100	**51**	51	**–**	–	Investment holding
Yunnan Tianda Mining Limited**	PRC	US$1,395,000	**–**	–	**51**	51	Exploration and development of mineral resources
Gansu Tianda Mining Limited**	PRC	RMB4,000,000	**–**	–	**51**	51	Exploration and development of mineral resources
Yunyu Trading Development Limited	Hong Kong	HK$5,000,000	**100**	100	**–**	–	Investment holding and property holding
Zhuhai Tianheng Real Estate Company Limited**^	PRC	RMB55,000,000	**–**	–	**–**	100	Properties development

* Company incorporated as cooperative joint venture enterprise.

** Company established as foreign invested limited liability company.

\# Company newly acquired during the year ended 31 March 2011

^ Companies disposed of during the year ended 31 March 2011

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Cont'd)*

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the above list contains only those subsidiaries which principally affect the results or assets and liabilities of the Group.

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during the year.

40. EVENT AFTER REPORTING PERIOD

On 27 May 2011, the board of directors of the Company proposed to change the name of the Company from "Yunnan Enterprises Holdings Limited" to "Tianda Holdings Limited 天大控股有限公司" subject to shareholders' approval at extraordinary general meeting to be held on 4 July 2011.