TIANDA HOLDINGS

Annual Report 2012

天大控股有限公司
TIANDA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability. Stock Code: 00455)

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CORPORATE INFORMATION

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

NOMINATION COMMITTEE

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

Windward 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

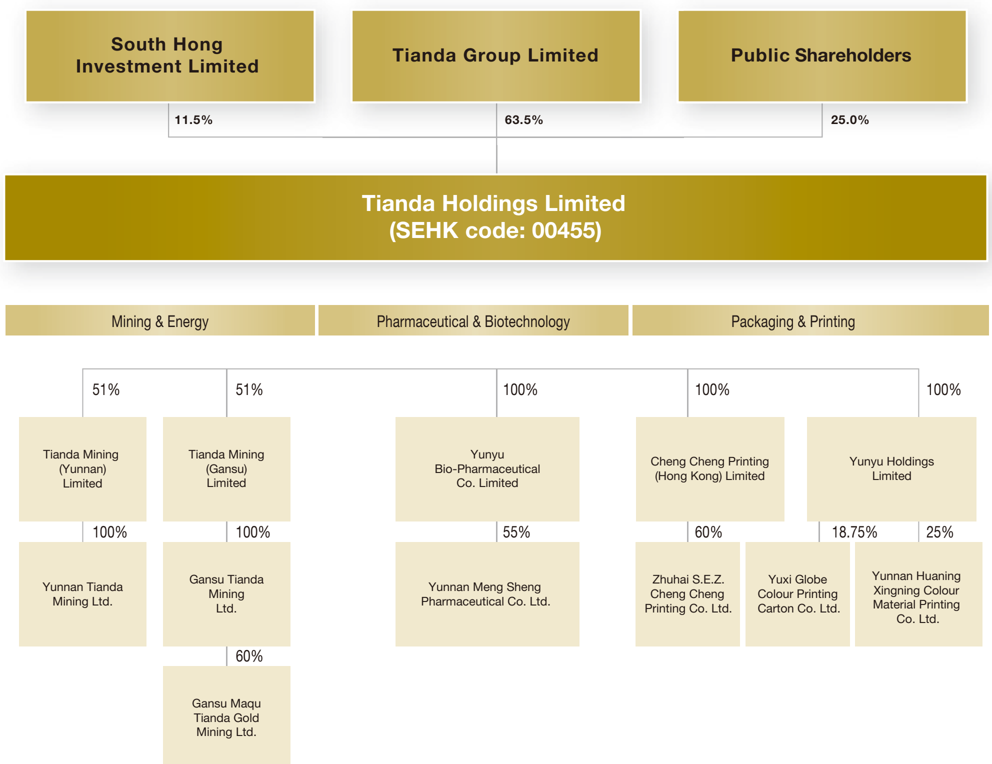
Tianda Holdings Limited (the "Company") is an investment holding company listed on the Hong Kong Stock Exchange (stock code: 00455). With its headquarters based in Hong Kong, the Company, together with its subsidiaries (the "Group"), primarily invested in the pharmaceutical and biotechnology, mining and energy, and packaging and printing businesses during the year ended 31 March 2012.

Tianda Group Limited ("Tianda Group") is the controlling shareholder of the Company with a shareholding of 63.5%. Headquartered in Hong Kong, Tianda Group also has regional headquarters in Sydney, Australia and Shenzhen, China. Tianda Group primarily focuses on the health industries, in particular pharmaceutical, biotechnology and healthcare industries. It is also engaged in mining, energy and other natural resources investments, provision of financial services, real estate and packaging and printing businesses.

On 30 March 2012, the Company entered into a series of agreements with Tianda Group to effect a restructuring of the Group's businesses so that upon completion of the transactions contemplated under those agreements, the Group will have one focused line of core activities in the pharmaceutical and biotechnology business. The Company will also have its name changed to Tianda Pharmaceuticals Limited. The goal of the Company is to become a major and comprehensive pharmaceutical enterprise based in China with extensive global presence.

Below is a simplified chart of the Group as at 31 March 2012:

COMPANY STRUCTURE



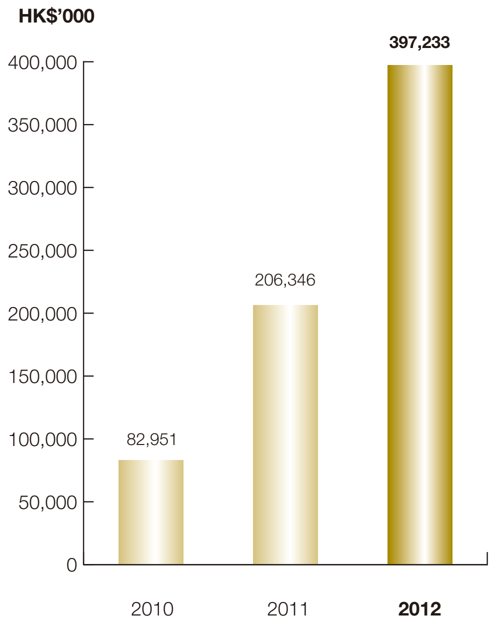
RESULTS

	Year ended 31 March				
	2008 HK$'000	2009 HK$'000	2010 HK$'000	2011 HK$'000	**2012 HK$'000**
Revenue	36,304	56,936	82,951	206,346	**397,233**
Profit (loss) before tax	(110,085)	19,328	50,936	120,155	**102,702**
Income tax expenses	(2,831)	(5,638)	(10,244)	(18,718)	**(23,172)**
Profit (loss) for the year	(112,916)	13,690	40,692	101,437	**79,530**
Profit (loss) attributable to:					
Owners of the Company	(121,350)	2,752	21,287	67,427	**43,096**
Non-controlling interests	8,434	10,938	19,405	34,010	**36,434**
	(112,916)	13,690	40,692	101,437	**79,530**
	HK cents	HK cents	HK cents	HK cents	**HK cents**
Basis earnings (loss) per share	(19.44)	0.29	2.28	4.34	**2.30**

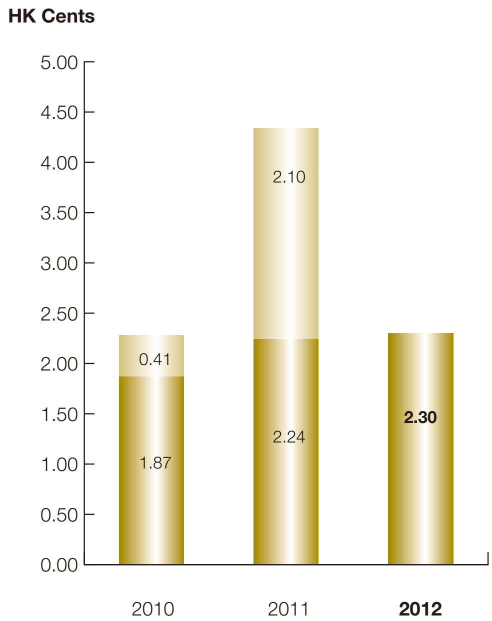
ASSETS AND LIABILITIES

	At 31 March				
	2008 HK$'000	2009 HK$'000	2010 HK$'000	2011 HK$'000 (restated)	**2012 HK$'000**
Total assets	407,605	438,225	461,756	1,000,204	**1,007,845**
Total liabilities	(9,833)	(25,611)	(22,855)	(152,867)	**(137,899)**
	397,772	412,614	438,901	847,337	**869,946**
Equity attributable to owners of the Company	379,929	387,816	409,880	676,296	**702,958**
Non-controlling interests	17,843	24,798	29,021	171,041	**166,988**
	397,772	412,614	438,901	847,337	**869,946**

Note: The comparative figures at 31 March 2011 have been restated upon finalisation of fair value of assets acquired and liabilities assumed relating to Cheng Cheng Group. Details of restatements are set out in note 2 to the consolidated financial statements.



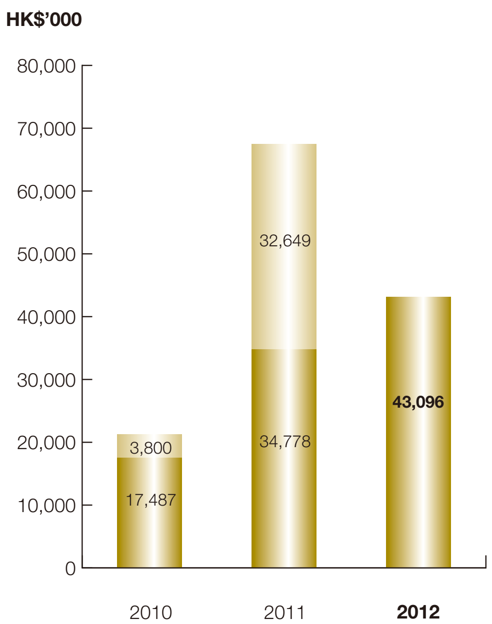
Revenue



Basic earnings per share

One-off items

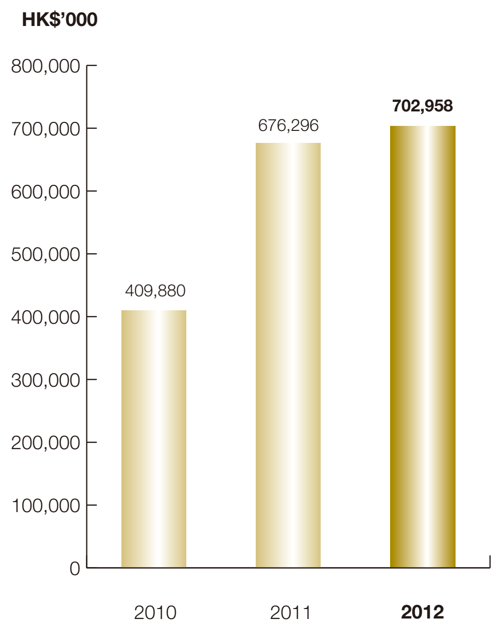
Basic earnings per share excluding one-off items



Profit attributable to owners of the Company

One-off items

Profit attributable to owners of the Company excluding one-off items



Equity attributable to owners of the Company

Note: One off items included gain on disposal of subsidiaries, gain on disposal of an associate and/or increase in fair value of an investment property.

EXECUTIVE DIRECTORS

Mr. Fang Wen Quan, aged 43, was appointed as an executive Director in 2003. He is the Chairman and Managing Director of the Company and a Director of the Group's certain subsidiaries and South Hong Investment Limited. Mr. Fang is the founder and Chairman of Tianda Group and Tianda Institute. He studied International Relations in the University of Sydney and Tsinghua University. He has served as council member of the Chinese People's Institute of Foreign Affairs, academic advisor to the Institute of International Studies at Tsinghua University in Beijing, council member of Sydney Symphony Orchestra, Senior Honorary Chairman of the Australian Council of Chinese Organizations and Honorary Chairman of the Australian Council for the Promotion of Peaceful Reunification of China. Upholding the morality of "Caring for a Better World", Mr. Fang is always committed to community services, including donations to the poverties, education and training, healthcare, scientific research and environmental protection, culture and arts.

Mr. Li Suiming, aged 54, 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. In 2006, he was promoted to the position of President of Hongta Group.

Mr. Liu Huijiang, aged 56, 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 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 65, was appointed as an independent non-executive Director, the chairman of the audit committee of the Company with effect from 10 April 2008. Mr. Chiu was appointed as the Chairman of risk management committee on 22 July 2009. On 1 April 2012, he was appointed as the Chairman of the remuneration committee and a member of the nomination committee. 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 47, 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 46, 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 20 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 financial year ended 31 March 2012 ("FY2012") was a challenging year for the Group. When compared to the financial year ended 31 March 2011 ("FY2011"), the revenue and gross profit from the pharmaceutical and biotechnology business for FY2012 experienced a decline of approximately 6.2% and 12.1%, from HK$103.7 million to HK$97.3 million and from HK$82.5 million to HK$72.5 million, respectively. The decrease was partly because of a reduction in production volume when non-scheduled repair work was carried out to the production line during the second half of the financial year and partly because of the remarkably inflationary pressure in China which raised the costs of sales, especially in the area of material costs. The management addressed and resolved the former issue urgently so as to restore production and sales. The government's austerity measures introduced has also gradually taken effect and the inflationary pressure has now been eased. Despite of the difficult operating circumstances, the Group was successful in its control of administrative costs, achieving a reduction of 16.4%, from HK$23.2 million for FY2011 to HK$19.4 million for FY2012. In addition, demand for Cerebroprotein Hydrolysate for Injection, the Group flagship pharmaceutical product, remained strong as evidenced by an increase in the unit average selling price for FY2012 as compared to FY2011.

For FY2012, profit contribution from the packaging and printing business increased mainly because a full year results of Cheng Cheng Printing Limited and its subsidiaries ("Cheng Cheng Printing Group") were accounted for in the Group's consolidated financial statements while for FY2011, only six month results were accounted for since acquisition of Cheng Cheng Printing Group was completed on 1 October 2010. Revenue has yet generated from the mining and energy business and its remained loss making for FY2012.

Profit for the year attributable to owners of the Company amounted to HK$43.1 million for FY2012. This represents a decrease of approximately 36.1% when compared to that of HK$67.4 million for FY2011. However, it should be noted that there had been one-off disposal gains of a land in Zhuhai, an investment property in Hong Kong and an equity interest of an associate amounting to approximately HK$32.6 million for FY2011. If such amount were to be excluded, the profit for the year attributable to the owners of the Company for FY2011 would have been HK$34.8 million and that for FY2012 would have been increased by approximately 23.9%.

BUSINESS OUTLOOK

The Group has accumulated years of experience in pharmaceutical and biotechnology business. As the Chinese and global pharmaceutical and biotechnology industry has great development prospects, the management, after in-depth consideration and analysis, is of the view that a focused development in the pharmaceutical and biotechnology business will be more beneficial to the Group.

Therefore, the Company entered into a series of agreements with Tianda Group on 30 March 2012, pursuant to which Tianda Group would sell all its interests in a group of companies engaged in the pharmaceutical and biotechnology business ("Tianda Pharmaceuticals") to the Group while the Group would sell all of its interests in the packaging and printing business and the mining and energy business to Tianda Group. Tianda Pharmaceuticals mainly consists of Tianda Pharmaceuticals (Zhuhai) Limited ("Tianda Pharmaceuticals (Zhuhai)") and companies engaged in sales and distribution of pharmaceutical and health supplement products in Hong Kong, China and Australia. Tianda Pharmaceuticals (Zhuhai) has its production base and research and development centre occupying a total area of 52,400 square metres in Zhuhai. Currently, there are five workshops which include pre-treatment of Chinese herbal medicines workshop, Chinese medicines extraction workshop, tablets and capsules workshop, granules workshop and oral liquid workshop. There is also reserved area which can accommodate 15 more production lines for provision of plenty of production capacity. The present workshops have obtained GMP certification from China and Australia.

After completion of the above restructuring, the Group will be focusing on the pharmaceutical and biotechnology business. It is expected that the restructuring will bring along synergies to, and increase the competitiveness of, the Group's existing pharmaceutical and biotechnology business and a number of benefits could be achieved which include:

1. **Sharing of resources, lowering of costs and raising of efficiency**: After restructuring, Yunnan Meng Sheng Pharmaceutical Co., Ltd. ("Meng Sheng Pharmaceutical") and Tianda Pharmaceuticals can compensate and share each other's resources on research and development, production, sales and marketing as well as human and financial resources. This can lower the costs of operation and raise enterprise efficiency.

2. **Strengthening of research and development capabilities**: Through this time business restructuring, the Group's pharmaceutical research and development capabilities can be strengthened after the joining of the research and development team of Tianda Pharmaceuticals.

3. **Optimization of product mix**: Products of Tianda Pharmaceuticals (Zhuhai) cover a variety of Chinese and Western medicines which include cardio and cerebrovascular drugs (e.g. "Tuoping", "Zhikang" granules, etc.), pediatric drugs (e.g. "Tuoen", etc.), flu and respiratory system drugs (e.g. "Tuoan", etc.), antiviral drugs (e.g. "Ribavirin" effervescent granules, etc.) and Chinese detoxification medicines ("Yian Decoction"), etc. Tianda Pharmaceuticals (Zhuhai) has also invested resources in research and development of anti-cancer drugs. Therefore, the restructuring will enrich the Group's product variety, optimize its product mix and resolve fundamentally the persisting operating risk associated with the comparatively mono-type of products.

4. **Raising sales and marketing capabilities**: After restructuring, Meng Sheng Pharmaceutical and Tianda Pharmaceuticals can share their sales force and network to raise the sales capability and achieve stable and fast growth. Apart from China, overseas and international markets after the restructuring will cover Hong Kong, Macau, Taiwan, South East Asia, India, Australia and Russia.

5. **Strengthening Tianda brand and raising corporate image**: The brand "Tianda" has gained certain support and popularity amongst pharmaceutical brands in China. After the restructuring, the Group will actively utilize the influence of Tianda brand, promote sales, deepen the market penetration and strengthen the brand building to further raise the corporate image.

6. **A focused business with clear development direction**: The management believes that a focus on developing the pharmaceutical and biotechnology business will benefit the attraction of acknowledged investors interested in this sector, the Group's future fund raising and acquisition activities as well as the stable and healthy growth of the Group.

The Group will continue to strengthen the operational management, effect synergies, strive for higher profits, enlarge external co-operation as well as increase the efforts of investment and development with an aim of achieving a stronger and bigger group as soon as possible. It is the Group's objective to develop itself into a major and comprehensive pharmaceutical enterprise based in China with extensive global presence.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board of Directors has recommended the payment of a final dividend of HK0.47 cent (2011: final dividend of HK0.72 cent and special dividend of HK0.66 cent) per share for FY2012, subject to shareholders' approval at the forthcoming 2012 Annual General Meeting. The final dividend is expected to be paid on or before 28 September 2012 to the shareholders whose names appear on the register of members of the Company on 12 September 2012.

The register of members of the Company will be closed from Monday, 10 September 2012 to Wednesday, 12 September 2012, whereby no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed forms of transfers with the relevant share certificate(s) must be lodged with the Company's Hong Kong Branch share registrar, Tricor Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 7 September 2012.

APPRECIATION

On behalf of the Board, I would like to thank for the kind support from our customers, suppliers, business partners and shareholders. I also take this opportunity to thank our colleagues on the Board and the staff of the Group for their diligent work, loyal services and contributions offered.

FANG WEN QUAN
Chairman

FINANCIAL REVIEW

On 30 March 2012, the Company entered into a set of agreements with Tianda Group in order to carry out a restructuring of the Group's businesses. With the aim to focus on pharmaceutical and biotechnology business after the restructuring, the Company agreed to acquire from Tianda Group a group of companies engaging in manufacture and sales of pharmaceutical and biotechnology products and to sell all the Company's interests in the packaging and printing business as well as the mining and energy business to Tianda Group. These transactions were approved by independent shareholders of the Company at an extraordinary general meeting on 22 June 2012. Accordingly, the results of the packaging and printing business and the mining and energy business have been accounted for as discontinued operations in the consolidated statement of comprehensive income for FY2012 with the comparative figures for FY2011 restated. The results of the continuing operations for FY2012 consisted of those of the pharmaceutical and biotechnology business.

For FY2012, the Group recorded revenue of HK$97.3 million, representing a decrease of approximately 6.2% from that of HK$103.7 million for FY2011. Gross profit dropped by approximately 12.1%, from HK$82.5 million for FY2011 to HK$72.5 million for the current financial year. The decrease in revenue was due to a reduction in the volume of production resulted from non-scheduled repair work of the production line. The management attended the matter urgently and seriously and it had then been resolved. Production volume and sales recovered and picked up afterwards. The drop in gross profit was mainly due to inflationary pressure on material costs experienced during FY2012, which increased the costs of sales.

Other income mainly represented interest income of approximately HK$5.9 million for FY2012 and the corresponding amount for FY2011 was HK$2.7 million. Interest income was earned mostly from bank deposits with the remaining from debt instruments. The Group has been successful in cost control and this resulted in a decrease of approximately 16.4% in administrative expenses, from HK$23.2 million for FY2011 down to HK$19.4 million for FY2012.

During FY2011, there were various one-off asset disposals which included a land in Zhuhai, an entire 48% interest in an associate and an investment property in Hong Kong which resulted in gains on disposal of approximately HK$32.6 million in aggregate. There was no similar disposal for FY2012.

Profit for the year from continuing operations for FY2012 amounted to approximately HK$44.0 million while that for FY2011 was HK$79.8 million. If the above-mentioned one-off asset disposal gains were excluded, last year's profit for the year from continuing operations would have been approximately HK$47.2 million.

The results of discontinued operations for FY2012 consisted of those of the packaging and printing business as well as the mining and energy business. For FY2012, profit for the year from the packaging and printing business was HK$41.8 million while the loss for the year from the mining and energy business was HK$6.2 million. For FY2011, profit for the year from the packaging and printing business was HK$24.6 million and the loss for the year from the mining and energy business was HK$2.9 million. The acquisition of Cheng Cheng Printing Group was completed on 1 October 2010 and only half year results were accounted for in the Group's consolidated accounts for FY2011. A full year results were recorded for FY2012 which increased the profit contribution from this segment.

Profit for the year attributable to the owners of the Company for FY2012 amounted to HK$43.1 million. This compares to that for FY2011 of HK$67.4 million and represents a drop of 36.1%. However, if the one-off asset disposals in FY2011 were excluded, the profit attributable to the owners of the Company for FY2011 would have been HK$34.8 million and that of HK$43.1 million for FY2012 would have increased by 23.9%.

BUSINESS REVIEW

Pharmaceutical and Biotechnology

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. During FY2012, Meng Sheng Pharmaceutical recorded revenue of approximately HK$97.3 million, representing a decrease of 6.2% over that of HK$103.7 million for FY2011. Gross profit margin decreased from 79.6% for FY2011 to 74.5% for FY2012. Net profit decreased by 12.2%, from HK$62.4 million for FY2011 to HK$54.8 million for FY2012 and the net profit margin decreased from 60.2% to 56.3% respectively.

Cerebroprotein Hydrolysate for Injection remained the Group's flagship product and accounted for approximately 90.8% of the Group's revenue from continuing operations. The decrease in revenue for FY2012 was mainly because of reduced volume of production as a result of non-scheduled repair work on the production line. The management attended the matter urgently and seriously, and production volume and sales picked up again afterwards. The gross profit margin decreased as a result of increased cost of sales, notably the rise in raw material costs. The management believes that the cause of the drop in revenue is a one-off, isolated event and has now been fixed. The inflationary pressure in China has also been eased. The Group is confident on the sales of its pharmaceutical products, notably Cerebroprotein Hydrolysate for Injection as evidenced by its increase in unit average selling price for FY2012 as compared to that for FY2011.

Packaging and Printing

During FY2012, the Group had three investments in packaging and printing business, namely, Cheng Cheng Printing Group (which mainly consisted of 60% equity interest in Zhuhai S.E.Z. Cheng Cheng Printing Co., Ltd.), 25% equity interest in Yunnan Huaning Xingning Colour Material Printing Co., Ltd. ("Xingning Printing") and 18.75% equity interest in Yuxi Globe Colour Printing Carton Co., Ltd. ("Globe Printing"). All these companies are principally engaged in the printing of cigarette boxes and packs, and Cheng Cheng Printing Group is also engaged in the printing of other consumer products.

Cheng Cheng Printing Group

The acquisition of Cheng Cheng Printing Group was completed on 1 October 2010 so that its results were consolidated only for six months for FY2011 while for FY2012, its full year results had been accounted for in the Group's consolidated financial statements. For FY2012, revenue and profit for the year of Cheng Cheng Printing Group included in the Group's accounts amounted to approximately HK$294.5 million and HK$35.3 million respectively. For FY2011, the corresponding amounts were approximately HK$97.1 million and HK$17.7 million respectively. As a result of keen competitions and rise in the costs of sales like material costs, the gross profit margin decreased from 33.3% to 27.9% while the net profit margin decreased from 18.2% to 12.0%.

Xingning Printing

Xingning Printing reported revenue and net profit of approximately HK$44.5 million and HK$5.5 million respectively for FY2012. These compare to revenue and net profit of approximately HK$52.0 million and HK$7.9 million for FY2011 and represent a decrease of 14.4% and 30.4% respectively. The Group's share of its result amounted to approximately HK$1.4 million for FY2012 while that for FY2011 was HK$2.0 million.

Globe Printing

Globe Printing, in which the Group has an equity interest of 18.75%, reported revenue and net profit of approximately RMB125.3 million and RMB24.9 million respectively for the year ended 31 December 2011. For the year ended 31 December 2010, the revenue and net profit were RMB125.9 million and RMB26.7 million respectively. The Group recorded dividend income of approximately HK$5.4 million and HK$5.6 million for FY2012 and FY2011 respectively.

Mining and Energy

During FY2012, the Group operated its mining and energy business through its two non-wholly owned subsidiaries, namely, Yunnan Tianda Mining Ltd. and Gansu Tianda Mining Ltd., in both of which the Group has an effective equity interest of 51%. The relevant tenements were either still under various phases of general geological survey or at the stage of exploration right application and no revenue had yet been generated. Loss for FY2012 from this business segment amounted to approximately HK$6.2 million while that for FY2011 was HK$2.9 million. The increase in the amount of loss was mainly due to an impairment loss of HK$3.9 million recognized for FY2012.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity remained healthy. As at 31 March 2012, the Group had cash and bank balances of approximately HK$412.1 million (31 March 2011: HK$557.0 million), of which approximately 54.9%, and 8.3% were denominated in Hong Kong dollar and United States dollar respectively with the remaining in Renminbi. 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 and 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 2012 and 31 March 2011.

EMPLOYEES

The Group employed approximately 474 employees in Hong Kong and China as at 31 March 2012. 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 note ("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 2012 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 26 August 2011 in Hong Kong. This constitutes a deviation from the provision E.1.2 of the Code.

The code on Corporate Governance Practices has been amended by the Stock Exchange of Hong Kong Limited ("SEHK") and known as Corporate Governance Code with effect from 1 April 2012. The Board has updated its corporate governance principles and practices by adopting the revised code provisions on the Corporate Governance Code in the appendix 14 of the Listing Rules with effect from 1 April 2012. It has also revised the terms of reference of its audit committee, remuneration committee and nomination committee which are available at the websites of the Company at www.tiandaholdings.com and the SEHK.

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 2012, the Board held 4 regular meetings. The attendance of the Directors at the regular meetings are as follows:

Directors	Number of Attendance
Executive directors	
Mr. Fang Wen Quan *(Chairman and Managing Director)*	3
Mr. Li Suiming	0
Mr. Liu Huijiang	2
Independent non-executive directors	
Mr. Chiu Sung Hong	4
Mr. Chiu Fan Wa	4
Mr. Lam Yat Fai	4

REMUNERATION COMMITTEE

The remuneration committee of the Company was established in September 2005 with specific written terms of reference.

The remuneration committee 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. Mr. Fang Wen Quan was the Chairman of the remuneration committee during the year.

On 1 April 2012, Mr. Fang Wen Quan ceased to act as the Chairman of the remuneration committee and remained as a member of the committee and Mr. Chiu Sung Hong was appointed as 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.

The remuneration committee reviewed and considered, inter alia, the remuneration policy, remuneration of the executive Directors and independent non-executive Directors and compensation of key management personnel.

During the year, the remuneration committee held 1 meeting. Details of individual attendance of its members are as follows:

	Number of attendance
Mr. Fang Wen Quan *(Chairman until 31 March 2012)*	1
Mr. Chiu Sung Hong *(Chairman from 1 April 2012)*	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 and Mr. Lam Yat Fai and one executive Director of the Company, Mr. Fang Wen Quan. Mr. Chiu Sung Hong was the Chairman of the nomination committee during the year.

On 1 April 2012, Mr. Chiu Sung Hong ceased to act as the Chairman of the nomination committee and remained as a member of the committee and Mr. Fang Wen Quan was appointed as Chairman of the nomination committee.

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.

During the year, the nomination committee held 1 meeting. Details of individual attendance of its members are as follows:

	Number of attendance
Mr. Chiu Sung Hong *(Chairman until 31 March 2012)*	1
Mr. Fang Wen Quan *(Chairman from 1 April 2012)*	1
Mr. Lam Yat Fai	1

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors of the Company, being Mr. Chiu Sung Hong (Chairman of audit committee), 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.

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 2011 and for the six months ended 30 September 2011.

- 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$1,112,536 and HK$209,000 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 30 to 31.

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 2012.

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 2011 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. Chiu Sung Hong, an independent non-executive director of the Company, acted as chairman of the annual general meeting, and together with other Directors and members of the audit committee and remuneration committee, present at the meeting and answered questions raised from 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 2012.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are engaged in pharmaceutical and biotechnology, mining and energy and packaging and printing business.

SEGMENTAL INFORMATION

An analysis of the Group's revenue and contribution to results by segment for the year ended 31 March 2012 is set out in note 8 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2012, the five largest customers of the Group accounted for approximately 98% of the Group's total revenue while the largest customer of the Group accounted for approximately 89% of the Group's total revenue. In addition, for the year ended 31 March 2012, the five largest suppliers of the Group accounted for approximately 51% of the Group's total purchases while the largest supplier of the Group accounted for approximately 24% 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 2012 are set out in the consolidated statement of comprehensive income on pages 32 to 33.

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.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 17 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 2012, 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$19,097,261. Moreover, 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 2012, the Company's share premium account amounted to HK$257,839,900.

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. Fang Wen Quan and Chiu Fan Wa will retire 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

At 31 March 2012, 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 the 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

The purpose of a share option scheme ("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 SEHK'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 SEHK'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 at an extraordinary general meeting held on 13 July 2010.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 37 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 2012, 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	214,992,930 (Note 2)	11.50
Hongta Tobacco (Group) Limited	Held by controlled corporation	214,992,930 (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 214,992,930 shares are beneficially owned by South Hong Investment Limited ("South Hong"). South Hong was beneficially owned as to approximately 92.28% by Hongta Tobacco (Group) Limited. Accordingly, Hongta Tobacco (Group) Limited is deemed to be interested in the 214,992,930 shares owned by South Hong.

All the interests stated above represent long positions. As at 31 March 2012, 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 2012.

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 Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive directors are independent.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Major and connected transactions

On 30 March 2012, the Company entered into a series of agreements with Tianda Group to carry out a restructuring of its businesses with an aim of streamlining its activities to focus on the pharmaceutical and biotechnology business. Under these agreements, Tianda Group would sell all its equity interests in a group of companies, together with a shareholder's loan, engaged in the pharmaceutical and biotechnology business to the Company at a consideration of HK$380,000,000 while the Company would sell all the Group's equity interests in companies, together with any relevant shareholder's loans, engaged in the packaging and printing business as well as the mining and energy business to Tianda Group at an aggregate consideration of HK$302,200,000. Part of the consideration of HK$380,000,000 will be set off by the above-mentioned aggregate consideration of HK$302,200,000 and the balance of HK$77,800,000 will be paid by the Company to Tianda Group in cash upon completion of these transactions. The transactions were approved by independent shareholders at the extraordinary general meeting held on 22 June 2012. Details of the transactions are set out in the Company's circular dated 30 May 2012.

The above acquisition and disposals (in aggregate) constitute major transactions of the Company under Chapter 14 of the Listing Rules. Tianda Group, in which its entire equity interests are owned by Mr. Fang Wen Quan, the Chairman of the Company, is interested in approximately 63.5% of the issued share capital of the Company. As such, Tianda Group is a connected person of the Company and the above-mentioned transactions also constitute non-exempted connected transactions of the Company under Chapter 14A of the Listing Rules.

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:

Sales of the instruction leaflets and packaging boxes

On 26 October 2011, a framework agreement was entered into among 珠海經濟特區誠成印務有限公司 (Zhuhai S.E.Z. Cheng Cheng Printing Company Limited) ("Cheng Cheng Printing") and Tianda Pharmaceuticals (Zhuhai) for governing the transactions for manufacturing, printing and sales of the instruction leaflets and packaging boxes and specifying the terms adopted including the annual sales caps. Tianda Pharmaceuticals (Zhuhai) is a wholly-owned subsidiary of Tianda Group Limited ("Tianda Group"), the controlling shareholder of the Company, and is a connected person of the Company under the Listing Rules. Accordingly, this framework agreement and the transactions contemplated under this agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. This framework agreement is for the three financial years ending 31 March 2014. Details of the transactions are set out in the Company's announcement dated 26 October 2011.

The annual cap and the actual amount of the above continuing connected transactions for the year ended 31 March 2012 are shown as follow:

Business Type	The annual cap	The actual transaction amount
Sales of instruction leaflets and packaging boxes	HK$3,000,000	HK$1,613,244

Purchase of materials and sales of package products and services

On 29 December 2011, a new framework agreement was entered into among the Company, Cheng Cheng Printing and Hongta as (i) the aggregate annual value of the transactions contemplated under the framework agreement entered into on 5 August 2010 for the two years ending 31 March 2013 might exceed the original projection; (ii) that framework agreement will expire on 31 March 2013; and (iii) it was then expected that the transactions contemplated under the framework agreement would continue to be entered into on a recurring basis. The new framework agreement was entered into for governing the ongoing purchase of materials and the sales of the package products and services and specifying the terms adopted, including the new annual purchase caps and the new 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 new framework agreement constituted continuing connected transactions under Chapter 14A of the Listing Rules. The new framework agreement was for the three financial years ending 31 March 2014. Details of the transaction are set out in the Company's circular dated 26 January 2012.

The annual caps and the actual amounts of the above continuing connected transactions for the year ended 31 March 2012 are shown as follow:

Business Type	The annual cap	The actual transaction amount
Purchase of materials	RMB41,000,000	RMB31,875,159
Sales of package products and services	RMB160,000,000	RMB156,413,210

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

1. these transactions were in the Company's ordinary and usual 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 Tohmatsu, have 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 2012.

AUDITORS

The financial statements of the Company and its subsidiaries for the year ended 31 March 2012 have been audited by Deloitte Touche Tohmatsu who retire and, being eligible, offer themselves for re-appointment. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board
Tianda Holdings Limited

Fang Wen Quan
Chairman

Hong Kong, 26 June 2012

Deloitte.
德勤

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

We have audited the consolidated financial statements of Tianda Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 32 to 110, which comprise the consolidated statement of financial position as at 31 March 2012, 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 2012 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
26 June 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	NOTES	**2012 HK$**	2011 HK$ (restated)
Continuing operations			
Revenue	8	**97,276,705**	103,660,698
Cost of sales		**(24,805,834)**	(21,126,701)
Gross profit		**72,470,871**	82,533,997
Other income and gains	9	**8,707,673**	4,089,513
Distribution and selling expenses		**(1,359,973)**	(1,154,521)
Administrative expenses		**(19,401,138)**	(23,243,663)
Other expenses		**(1,601,680)**	(425,422)
Increase in fair value of an investment property	16	**–**	12,400,000
Gain on disposal of subsidiaries	35(b)	**–**	4,500,845
Gain on disposal of an associate		**–**	15,748,002
Profit before tax		**58,815,753**	94,448,751
Income tax expense	10	**(14,847,303)**	(14,674,761)
Profit for the year from continuing operations	11	**43,968,450**	79,773,990
Discontinued operations			
Profit for the year from discontinued operations	12	**35,561,171**	21,662,721
Profit for the year		**79,529,621**	101,436,711
Other comprehensive income			
Exchange difference on translation			
Exchange difference arising during the year		**15,594,293**	21,593,228
Reclassification upon disposal of subsidiaries	35(b)	**–**	(4,500,845)
Reclassification upon disposal of an associate		**–**	(8,362,325)
Other comprehensive income for the year		**15,594,293**	8,730,058
Total comprehensive income for the year		**95,123,914**	110,166,769

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	NOTES	2012 HK$	2011 HK$ (restated)
Profit for the year attributable to:			
Profit for the year attributable to the owners of the Company			
– Profit for the year from continuing operations		**19,315,653**	51,694,854
– Profit for the year from discontinued operations		**23,779,942**	15,731,611
Profit for the year attributable to the owners of the Company		**43,095,595**	67,426,465
Profit for the year attributable to non-controlling interests			
– Profit for the year from continuing operations		**24,652,797**	28,079,136
– Profit for the year from discontinued operations		**11,781,229**	5,931,110
Profit for the year attributable to non-controlling interests		**36,434,026**	34,010,246
		79,529,621	101,436,711
Total comprehensive income for the year attributable to:			
Owners of the Company		**52,468,500**	71,080,130
Non-controlling interests		**42,655,414**	39,086,639
		95,123,914	110,166,769
		HK cents	HK cents
Basic earnings per share	14		
From continuing and discontinued operations		**2.30**	4.34
From continuing operations		**1.03**	3.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	NOTES	2012 HK$	2011 HK$ (restated)
NON-CURRENT ASSETS			
Property, plant and equipment	17	**21,998,297**	88,637,443
Prepaid lease payments	18	**3,922,633**	11,169,904
Goodwill	19	**6,587,152**	49,403,727
Intangible assets	20	**–**	84,444,065
Exploration and evaluation assets	21	**–**	3,961,891
Rental deposit		**1,378,684**	–
Deposit for the acquisition of property, plant and equipment		**–**	3,030,586
Interest in an associate	22	**–**	15,518,244
Available-for-sale investments			
– investment in an investee company	23	**–**	32,465,141
		33,886,766	288,631,001
CURRENT ASSETS			
Inventories	24	**7,846,402**	87,351,019
Trade and other receivables	25	**4,469,252**	17,506,589
Prepaid lease payments	18	**97,530**	146,231
Available-for-sale investments			
– debt instruments	26	**–**	1,138,133
Amounts due from related companies	37(a)	**–**	48,413,064
Bank deposits	27	**322,548,263**	414,209,717
Bank balances and cash	27	**89,594,058**	142,808,417
		424,555,505	711,573,170
Disposal groups classified as held-for-sale	12	**549,402,661**	–
		973,958,166	711,573,170
CURRENT LIABILITIES			
Trade and other payables	28	**12,787,102**	65,069,579
Government grants – current portion	29	**365,823**	353,420
Amounts due to related companies	37(a)	**–**	4,746,690
Amount due to ultimate holding company	37(b)(ii)	**–**	11,228,445
Loans from ultimate holding company	37(b)(i)	**–**	6,059,788
Dividend payable to non-controlling shareholders		**–**	28,889,133
Tax payable		**7,222,354**	8,071,024
		20,375,279	124,418,079
Liabilities associated with disposal groups classified as held-for-sale	12	**114,602,492**	–
		134,977,771	124,418,079
NET CURRENT ASSETS		**838,980,395**	587,155,091

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	NOTES	2012 HK$	2011 HK$ (restated)
TOTAL ASSETS LESS CURRENT LIABILITIES		**872,867,161**	875,786,092
NON-CURRENT LIABILITIES			
Government grants – non-current portion	29	**1,280,382**	1,590,392
Deferred tax liabilities	31	**1,641,120**	26,858,286
		2,921,502	28,448,678
		869,945,659	847,337,414
CAPITAL AND RESERVES			
Share capital	30	**187,011,816**	187,011,816
Reserves		**497,255,269**	489,284,628
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale		**18,690,228**	–
Equity attributable to owners of the Company		**702,957,313**	676,296,444
Non-controlling interests		**166,988,346**	171,040,970
Total equity		**869,945,659**	847,337,414

The consolidated financial statements on pages 32 to 110 were approved and authorised for issue by the Board of Directors on 26 June 2012 and are signed on its behalf by:

FANG WEN QUAN
Chairman

CHIU SUNG HONG
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Attributable to owners of the Company												
	Share capital HK$	Share premium HK$	Capital redemption reserve HK$	Capital contribution reserve HK$	Goodwill reserve HK$ Note (i)	Special reserve HK$ Note (ii)	Statutory reserves HK$ Note (iii)	Exchange reserve HK$	Accumulated profits HK$	Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale HK$	Total HK$	Non-controlling interests HK$ (restated)	Total HK$ (restated)
At 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 35(b))	–	–	–	–	–	–	–	(4,500,845)	–	–	(4,500,845)	–	(4,500,845)
Release upon disposal of an associate	–	–	–	–	–	–	–	(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 35(b))	–	–	–	4,477,651	–	–	–	–	–	–	4,477,651	–	4,477,651
Transfer upon disposal of subsidiaries (note 35(b))	–	–	–	–	–	–	–	(4,727,348)	4,727,348	–	–	–	–
Transfer upon disposal of an associate	–	–	–	–	6,427,865	–	–	–	(6,427,865)	–	–	–	–
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(3,889,478)	(3,889,478)
Dividend recognised as 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 35(a))	–	–	–	–	–	–	–	–	–	–	–	100,332,967	100,332,967
At 31 March 2011													
– originally stated	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
– adjustment to provisional amounts (note 2)	–	–	–	–	–	–	–	–	–	–	–	5,105,135	5,105,135
– restated	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	171,040,970	847,337,414
Profit for the year	–	–	–	–	–	–	–	–	43,095,595	–	43,095,595	36,434,026	79,529,621
Exchange difference arising on translation	–	–	–	–	–	–	–	9,372,905	–	–	9,372,905	6,221,388	15,594,293
Total comprehensive income for the year	–	–	–	–	–	–	–	9,372,905	43,095,595	–	52,468,500	42,655,414	95,123,914
Transfer to reserves	–	–	–	–	–	–	16,040,900	–	(16,040,900)	–	–	–	–
Transfer upon deregistration of a subsidiary (note (iv))	–	–	–	–	–	–	–	(1,069,233)	1,069,233	–	–	–	–
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(46,708,038)	(46,708,038)
Dividend recognised as distribution	–	–	–	–	–	–	–	–	(25,807,631)	–	(25,807,631)	–	(25,807,631)
Transfer to amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale	–	–	–	–	–	–	–	(18,690,228)	–	18,690,228	–	–	–
At 31 March 2012	**187,011,816**	**274,638,193**	**8,000**	**4,477,651**	**–**	**3,460,016**	**41,419,484**	**12,631,896**	**160,620,029**	**18,690,228**	**702,957,313**	**166,988,346**	**869,945,659**

Notes:

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

(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) A subsidiary of the Company with functional currency of RMB was deregistered during the year. The cumulative exchange difference arising from translation of its financial statements to HK$, presentation currency of the Group, was released to accumulated profits.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	NOTES	2012 HK$	2011 HK$
OPERATING ACTIVITIES			
Profit for the year		**79,529,621**	101,436,711
Adjustments for:			
Amortisation of prepaid lease payments		**311,023**	195,851
Amortisation of intangible assets		**9,794,471**	3,469,399
Depreciation of property, plant and equipment		**13,899,669**	7,279,134
Dividend income from available-for-sale investments – investment in an investee company		**(5,426,585)**	(5,629,894)
Increase in fair value of investment property		**–**	(12,400,000)
Gain on disposal of an associate		**–**	(15,748,002)
Gain on disposal of subsidiaries		**–**	(4,500,845)
Government grants released to income		**(358,706)**	(345,514)
Impairment loss recognised in respect of exploration and evaluation assets		**3,851,286**	–
Income tax expense		**23,172,697**	18,718,078
Interest income on bank deposits		**(8,033,333)**	(2,882,066)
Interest income on available-for-sale investments – debt instruments		**(1,676,760)**	(956,897)
Loss on disposal of property, plant and equipment		**100,562**	168,329
Share of results of an associate		**(1,369,877)**	(1,981,483)
Operating cash flows before movements in working capital		**113,794,068**	86,822,801
Decrease (increase) in inventories		**20,504,099**	(29,772,696)
(Increase) decrease in trade and other receivables		**(19,599,561)**	9,852,885
Increase in amounts due from related companies		**(19,762,904)**	(19,761,454)
(Decrease) increase in trade and other payables		**(485,859)**	14,660,809
(Decrease) increase in amounts due to related companies		**(4,122,517)**	2,807,351
Cash generated from operations		**90,327,326**	64,609,696
PRC income tax paid		**(24,045,738)**	(13,572,607)
NET CASH FROM OPERATING ACTIVITIES		**66,281,588**	51,037,089
INVESTING ACTIVITIES			
Net increase in bank deposits		**(13,225,140)**	(228,771,681)
Advance payment for property, plant and equipment		**(7,723,413)**	(725,769)
Purchase of property, plant and equipment		**(5,813,544)**	(4,995,336)
Expenditure paid for exploration and evaluation asset		**(2,368,324)**	(751,330)
Interest received		**8,033,333**	2,882,066
Dividend received from an available-for-sale investments – investment in an investee company		**5,066,904**	4,440,144
Dividend received from an associate		**1,802,513**	–
Investment income received		**1,676,760**	956,897
Net proceeds from redemption of available-for-sale investments – debt instruments		**1,155,156**	77,872,289
Proceeds from disposal of property, plant and equipment		**8,213**	250
Purchase of available-for-sale investments – debt instruments		**–**	(79,010,422)
Cash outflow from disposal of subsidiaries	35(b)	**–**	(31,102,251)
Advance to a related company		**–**	(25,038,936)
Net cash outflow from acquisition of subsidiaries	35(a)	**–**	(8,647,556)
Proceeds from disposal of an associate		**–**	44,332,798
Proceeds from disposal of an investment property		**–**	37,000,000
NET CASH USED IN INVESTING ACTIVITIES		**(11,387,542)**	(211,558,837)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	2012	2011
	HK$	HK$
FINANCING ACTIVITIES		
Dividend paid to shareholders	**(25,807,631)**	(4,207,765)
Dividend paid to non-controlling shareholders	**(24,326,963)**	–
Repayment to ultimate holding company	**(11,530,302)**	–
Loans advanced from ultimate holding company	**14,322**	2,233,788
Proceeds from issue of shares, net of share issue expenses	**–**	195,066,502
In proportion capital contribution from a non-controlling shareholder of a subsidiary	**–**	1,384,882
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(61,650,574)**	194,477,407
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(6,756,528)**	33,955,659
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**142,808,417**	102,792,689
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**3,293,228**	6,060,069
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**139,345,117**	142,808,417
Represented by:		
Bank balances and cash	**89,594,058**	142,808,417
Cash and cash equivalents included in disposal groups held-for-sale	**49,751,059**	–
	139,345,117	142,808,417

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, which is ultimately controlled by Mr. Fang Wen Quan. Its name was changed 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" on 5 July 2011. 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 40.

On 30 March 2012, the Group entered into a series of sale agreements ("Asset Swap Agreement 2012") with Tianda Group to dispose of its mineral resources business and packaging and printing business in exchange for business relating to manufacture and sales of pharmaceutical and biotechnology products, so as to realign the Group's business focus and resources in the pharmaceutical and biotechnology business in line with the Group's latest business strategy. The transaction was approved by independent shareholders of the Company on 22 June 2012 and is expected to be completed before 30 September 2012 upon fulfilment of certain conditions set out in the Company's circular dated 30 May 2012.

The assets and liabilities attributable to the mineral resources business and packaging and printing business have been classified as disposal groups held-for-sale and are presented separately in the consolidated statement of financial position as the management considered that the sales are highly probable and the businesses are available for immediate sale. As such, loss/profit for the year from the mineral resources business and packaging and printing business have been presented as loss/profit for the year from discontinued operations and is presented separately in the consolidated statement of comprehensive income. The comparative figures of the consolidated statement of comprehensive income for the year ended 31 March 2011 have been restated to reflect the presentation of the mineral resources business and packaging and printing business as discontinued operations.

2. ADJUSTMENTS TO PROVISIONAL AMOUNTS

As disclosed in note 34(a) of the Group's annual financial statements for the year ended 31 March 2011, the provisionally estimated fair values were used for recognising the intangible assets acquired on the acquisition of 100% equity interest in Cheng Cheng Printing Limited (the "Acquisition") in October 2010. The fair value assessment was completed during the current year, and pursuant to Hong Kong Financial Reporting Standard 3, the comparative consolidated statement of financial position as at 31 March 2011 has been restated to reflect the finalised fair value of assets acquired and liabilities assumed from the Acquisition. As the consequential impact on profit or loss in prior period as a result of increase in amortisation of intangible assets and tax effect thereon is not significant, the profit for the year ended 31 March 2011 and the accumulated profits at 1 April 2011 have not been restated.

2. ADJUSTMENTS TO PROVISIONAL AMOUNTS *(Cont'd)*

The effect of the adjustments to provisional values described above is summarised below:

	31 March 2011 HK$ (originally stated)	Restatements HK$	31 March and 1 April 2011 HK$ (as restated)
Goodwill	57,061,430	(7,657,703)	49,403,727
Intangible assets	67,426,947	17,017,118	84,444,065
Deferred tax liabilities	(22,604,006)	(4,254,280)	(26,858,286)
Total effect on net assets	101,884,371	5,105,135	106,989,506
Non-controlling interests	(165,935,835)	(5,105,135)	(171,040,970)
Total effect on equity	(165,935,835)	(5,105,135)	(171,040,970)

The fair value of the intangible assets has been arrived on the basis of a valuation using income approach by Asset Appraisal Limited, an independent qualified professional valuer, not connected to the Group.

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

In the current year, the Group and the Company have applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

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

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

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[2]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[3]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2015
4 Effective for annual periods beginning on or after 1 January 2012
5 Effective for annual periods beginning on or after 1 July 2012
6 Effective for annual periods beginning on or after 1 January 2014

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

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at 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 reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. 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 recognition 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.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2016. The adoption of this standard is unlikely to have a significant impact on the Group's results of operations and financial positions.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

With regards to the consolidated financial statements of the Group, the key requirements of these standards are described below.

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

New and revised Standards on consolidation, joint arrangements, associates and disclosures *(Cont'd)*

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These standards are effective to the Group for its annual period beginning 1 April 2013. Earlier application is permitted provided that all of these standards are applied early at the same time.

The directors anticipate that these standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The application of these standards is not expected to have a material impact on the results and financial position of the Group. The application of HKFRS 12 will result in more extensive disclosures relating to non-controlling interests of the Company's subsidiaries in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for the Group's annual period beginning 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

4. 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, that are measured at fair values, 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 in full on consolidation.

Non-controlling interests in 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 (effective from 1 April 2010 onwards).

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

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the except that deferred tax assets or liabilities and liabilities are recognised and measured in accordance with HKAS 12 *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, when applicable, on the 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.

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less 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 combination.

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 on a pro rata basis, based on 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.

Interests in subsidiaries

Interests in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss. Results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable during the year.

Investments in associates

An associate is an entity over which the Group 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 initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise Group's share of the profit or loss and other comprehensive income of an associate. 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. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

4. 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.

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.

Upon disposal of an associate that results in the Group losing significant influence over that associate, 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 and disposal group as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. An impairment loss is made for any initial or subsequent write-down of the asset (and disposal groups) to fair value less costs to sell.

4. 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, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

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

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment loss, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated 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 activities (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.

4. 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. (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.

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

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

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when an entity 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 as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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. Subsequent to initial recognition, 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 (see accounting policy in impairment loss on financial assets below).

4. 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 considered to be 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.

4. 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, in addition, 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, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's 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.

4. 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 as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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 (including all fees and points paid or received that from an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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 ultimate holding company and loans from ultimate holding company are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirely, 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, and only when, the Group's obligation are 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.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and cost necessary to make the sale.

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 tangible and intangible 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 immediately in profit or loss.

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 (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges 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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Foreign currencies *(Cont'd)*

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

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 under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

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, 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 having same functional currency as the Company, 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 that do not result in the Group losing significant influence), 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 are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of exchange reserve.

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

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 recognised as an expense when employees have rendered service entitling them to the contributions.

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.

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

Taxation *(Cont'd)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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 rates (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.

Current and 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 current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Leasing

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

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.

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

Leasing *(Cont'd)*

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. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, 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.

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

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 2012, the carrying amount of investment in an investee company was HK$32,465,141 (2011: HK$32,465,141). The amount at 31 March 2012 has been classified as held-for-sale in note 12(a). No impairment loss was recognised during the years ended 31 March 2012 and 2011. Details are disclosed in note 23.

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 2012, the carrying amount of goodwill is HK$51,137,515 (2011 (restated): HK$49,403,727) and no impairment loss was recognised during the years ended 31 March 2012 and 2011. An amount of HK$44,550,363 at 31 March 2012 has been classified as held-for-sale as explained in note 12(a). Details of the recoverable amount calculation are disclosed in note 19.

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 33.33% 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.

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

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

Estimated useful lives of property, plant and equipment *(Cont'd)*

As at 31 March 2012, the carrying amount of property, plant and equipment is HK$86,889,028 (2011: HK$88,637,443). An amount of HK$64,890,731 at 31 March 2012 has been classified as held-for-sale in note 12. Details of the useful lives of the property, plant and equipment are disclosed in note 17.

Estimated impairment of exploration and evaluation assets

Determining whether exploration and evaluation assets are impaired requires assessment on whether any impairment indicator exist. The directors take into consideration of events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets exceeds their recoverable amount. During the year ended 31 March 2012, the directors of the Company concluded that the exploration and evaluation of mineral resources over one (2011: nil) of the concession areas have not led to the discovery of commercially viable quantities of mineral resources and decided to discontinue such activities in the concession area. An impairment loss of HK$3,851,286 (2011: nil) was recognised for the year ended 31 March 2012.

For the other two (2011: three) concession areas, the directors of the Company are not aware of facts and circumstances indicating that the carrying amount of related exploration and evaluation assets exceeded its recoverable amount.

As at 31 March 2012, the carrying amount of exploration and evaluation assets is HK$2,664,960 (2011: HK$3,961,891). The amount at 31 March 2012 has been classified as held-for-sale as explained in note 12(b).

6. 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.

7. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	Financial instrument classification	2012 HK$	2011 HK$
Financial assets			
Trade and other receivables*	Loans and receivables	**1,428,301**	14,316,177
Amounts due from related companies	Loans and receivables	**–**	48,413,064
Bank deposits	Loans and receivables	**322,548,263**	414,209,717
Bank balances and cash	Loans and receivables	**89,594,058**	142,808,417
Loans and receivables classified as held-for-sale	Loans and receivables	**234,272,981**	–
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
Available-for-sale investments classified as held-for-sale	Available-for-sale investments	**32,465,141**	–
		680,308,744	653,350,649

* Excluding prepayments and deposits

	Financial instrument classification	2012 HK$	2011 HK$
Financial liabilities			
Trade and other payables*	At amortised cost	**8,033,651**	62,283,667
Amounts due to related companies	At amortised cost	**–**	4,746,690
Amount due to ultimate holding company	At amortised cost	**–**	11,228,445
Loans from ultimate holding company	At amortised cost	**–**	6,059,788
Dividend payable to non-controlling shareholders	At amortised cost	**–**	28,889,133
Included in disposal group classified as held-for-sale	At amortised cost	**85,701,265**	–
		93,734,916	113,207,723

* Excluding accruals and deposits from customers and value added tax payables

7. 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 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. For the purpose of analysing these exposures, financial assets and liabilities included in disposal groups classified as held-for-sale as at 31 March 2012 are excluded.

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% (2011: 100%) of the total trade receivables as at 31 March 2012.

At 31 March 2011, the Group had concentration of credit risk relating to trade-related receivables from related companies as 92.8% of the outstanding balances 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. The amount of trade-related receivables from related parties at 31 March 2012 has been classified as held-for-sale in note 12(a).

In respect of the pharmaceutical and biotechnology business, the Group has concentration of credit risk relating to trade receivables as at 31 March 2012 as 92.7% (2011: 97.0%) of the outstanding balances is due from two (2011: one) external customers in the PRC.

7. 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 was also exposed to credit risk through the investment in certain investment products, which was classified as available-for-sale investments – debt instruments (as disclosed in note 26) at 31 March 2011. The investment was fully redeemed during the year ended 31 March 2012.

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 and trade and other receivables 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	
	2012	2011	**2012**	2011
	HK$	HK$	**HK$**	HK$
HK$	**226,051,253**	271,177,835	**2,649,426**	3,016,398
United States Dollars ("US$")	**34,236,526**	33,969,788	**–**	–
Euro ("EUR")	**–**	1,788,938	**–**	–

7. 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 4% (2011: 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 2012 and 2011. 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 2012 and 2011 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.

	2012 **HK$**	2011 HK$
HK$	**(7,462,000)**	(4,489,000)
US$	**(1,143,000)**	(567,000)
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.

7. 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 (2011: 10 basis point) increase or decrease is used by management to present the reasonably possible change in interest rates for those balances denominated in RMB, HK$ and US$, at the year end.

If interest rates had been 10 basis points (2011: 10 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2012 would increase/decrease approximately by HK$412,000 (2011: HK$288,000).

(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 23). No sensitivity analysis was prepared as price risk arising from available-for-sale investments – investment in an investee company which was measured at cost less impairment because the range of reasonable fair value estimates was so significance and its fair value could not be reliably measured.

The Group was also exposed to debt price risk and fair value interest rate risk through its investment in available-for-sale investments – debt instruments (as disclosed in note 26) as at 31 March 2011. No sensitivity analysis was prepared as the financial impact arising on changes in fair value was expected to be minimal due to the short maturity. The investment was fully redeemed during the year ended 31 March 2012, and thus no such debt price risk exposure is noted to the Group as at 31 March 2012.

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.

7. FINANCIAL INSTRUMENTS *(Cont'd)*

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

Liquidity risk *(Cont'd)*

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 HK$	3 months to 4 months HK$	Total undiscounted cash flows HK$	Carrying amount HK$
As at 31 March 2012				
Trade and other payables	**7,661,627**	**372,024**	**8,033,651**	**8,033,651**
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

c. Fair value

Except that the available-for-sale investments – investment in an investee company are stated at cost at 31 March 2012 and 2011, 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.

8. REVENUE AND SEGMENT INFORMATION

Information reported to the managing director of the Company, being the chief operating decision maker ("CODM"), for the purposes of resources allocation and assessment of segment performance focuses on the types of goods delivered. The Group had three operating and reportable segments: pharmaceutical and biotechnology business, mineral resources business as well as packaging and printing business.

As explained in note 1, the mineral resources business and packaging and printing business were classified as discontinued operations during the year ended 31 March 2012. The segment information reported below does not include any amounts for those discontinued operations, which are presented in note 12. The segment information relating to pharmaceutical and biotechnology business is presented below.

Other than the revenue analysis as set out in note 8(f), no operating results and other discrete financial information relating to major products is prepared regularly for internal reporting to the CODM for resources allocation and performance assessment.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations.

	2012 **HK$**	2011 HK$ (restated)
REVENUE – EXTERNAL	**97,276,705**	103,660,698
SEGMENT PROFIT	**52,175,370**	59,858,436
Other income and gains	**4,562,002**	1,509,858
Increase 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	**(12,768,922)**	(14,243,151)
Profit for the year from continuing operations	**43,968,450**	79,773,990

The accounting policies of the operating segment are the same as the Group's accounting policies described in note 4. Segment profit represents the profit after taxation earned by the segment without allocation of central administration costs, directors' salaries, certain other income and gains, increase in fair value of an investment property and gain on disposal of an associate and subsidiaries. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

(b) Segment assets and liabilities

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

	2012 **HK$**	2011 HK$ (restated)
Segment assets		
– Pharmaceutical and biotechnology business	**129,697,525**	162,945,340
Disposal groups classified as held-for-sale		
– Packaging and printing business	**531,658,845**	459,036,919
– Mineral resources business	**17,743,816**	36,655,853
Unallocated assets	**328,744,746**	341,566,059
Consolidated assets	**1,007,844,932**	1,000,204,171
Segment liabilities		
– Pharmaceutical and biotechnology business	**20,642,156**	11,803,050
Liabilities associated with disposal groups classified as held-for-sale		
– Packaging and printing business	**108,234,548**	128,408,678
– Mineral resources business	**6,367,944**	6,998,474
Unallocated liabilities		
– Other payable	**2,654,625**	5,656,555
Consolidated liabilities	**137,899,273**	152,866,757

Segment assets and liabilities represent assets and liabilities of respective segments. Unallocated assets include primarily property, plant and equipment, other receivables, bank deposits and bank balances and cash.

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

(c) Other segment information

	2012		
	Pharmaceutical and biotechnology business HK$	**Unallocated HK$**	**Total HK$**
Amount included in the measure of segment profit or loss or segment assets			
Additions of property, plant and equipment	**1,480,788**	**43,262**	**1,524,050**
Depreciation of property, plant and equipment	**2,420,155**	**163,766**	**2,583,921**
Amortisation of prepaid lease payments	**95,632**	**–**	**95,632**
Loss on disposal of property, plant and equipment	**62,388**	**713**	**63,101**
Interest income	**421,293**	**3,831,631**	**4,252,924**
Income tax	**14,847,303**	**–**	**14,847,303**

	2011		
	Pharmaceutical and biotechnology business HK$	Unallocated HK$ (restated)	Total HK$ (restated)
Amount included in the measure of segment profit or loss or segment assets			
Additions of property, plant and equipment	2,139,660	11,944	2,151,604
Depreciation of property, plant and equipment	2,175,098	190,597	2,365,695
Amortisation of prepaid lease payments	92,115	–	92,115
Loss on disposal of property, plant and equipment	64,620	103,709	168,329
Interest income	260,361	1,480,233	1,740,594
Income tax	14,674,761	–	14,674,761

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

(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 from continuing operations by geographical market irrespective of the origin of goods/services.

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

	Revenue from external customers		**Non-current assets**	
	2012	2011	**2012**	2011
	HK$	HK$	**HK$**	HK$
		(restated)		(restated)
The PRC (country of domicile)	**97,276,705**	103,660,698	**31,851,266**	237,772,101
Hong Kong	**–**	–	**2,035,500**	18,393,759
	97,276,705	103,660,698	**33,886,766**	256,165,860

Note: Non-current assets excluded financial instruments and assets of disposal groups classified as held-for-sale.

(e) Information about major customer

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

	2012	2011
	HK$	HK$
		(restated)
Revenue from customer attributable to pharmaceutical and biotechnology products:		
Company A	**86,495,860**	92,085,995

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

(f) Revenue from major products

	2012 HK$	2011 HK$ (restated)
Continuing operations		
Pharmaceutical and biotechnology products		
– Cerebroprotein Hydrolysate for injection	**88,290,895**	92,121,136
– Vinpocetine for injection and Aceglutamide for injection and others	**8,985,810**	11,539,562
	97,276,705	103,660,698

9. OTHER INCOME AND GAINS

	2012 HK$	2011 HK$ (restated)
Continuing operations		
Interest income on bank deposits	**4,252,924**	1,740,594
Interest income on available-for-sale investments – debt instruments	**1,676,760**	956,897
Exchange gain	**1,385,289**	874,448
Government grants (note)	**973,979**	142,435
Release of government grants in relation to certain assets (note 29)	**358,706**	345,514
Others	**60,015**	29,625
	8,707,673	4,089,513

Note: During the year ended 31 March 2012, a PRC subsidiary received an amount of approximately HK$974,000 (2011: HK$142,000) to recognise the eminent brand of pharmaceutical and biotechnology products.

10. INCOME TAX EXPENSE

	2012 HK$	2011 HK$ (restated)
Continuing operations		
Current tax:		
PRC enterprise income tax	**11,472,436**	11,339,528
Withholding tax	**5,706,472**	–
Under(over) provision in prior years:		
PRC enterprise income tax	**44,009**	(96,661)
Deferred tax (note 31):		
Current year	**(2,375,614)**	3,431,894
	14,847,303	14,674,761

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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. 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.

The tax rate of the PRC subsidiaries of the Group is 25%, except Yunnan Meng Sheng Pharmaceutical Co., Limited ("Meng Sheng"), a subsidiary of the Group, which is established in the Kunming economic open zone. Pursuant to the relevant laws and regulations in the PRC, Meng Sheng is engaging in Western China Development and was entitled to a preferential tax rate of 15% for the calendar year 2011. Tax rate is 25% from 1 January 2012.

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

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:

	2012 HK$	2011 HK$ (restated)
Continuing operations		
Profit before tax	**58,815,753**	94,448,751
Tax at 25% for the year ended 31 March 2012 and 2011	**14,703,939**	23,612,188
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(179,370)**	(4,130,930)
Tax effect of expenses not deductible for tax purpose	**211,061**	508,992
Tax effect of income not taxable for tax purpose	**(1,632,323)**	(4,527,293)
Tax effect of tax losses not recognised	**2,838,610**	3,346,107
Tax effect on deductible temporary differences not recognised	**4,149**	10,393
Effect of tax concession granted to a PRC subsidiary	**(4,666,962)**	(7,526,224)
Under(over)provision in prior years	**44,009**	(96,661)
Withholding tax of income generated from PRC	**3,330,858**	3,431,894
Others	**193,332**	46,295
Income tax expense for the year	**14,847,303**	14,674,761

11. PROFIT FOR THE YEAR

	2012 HK$	2011 HK$ (restated)
Continuing operations		
Profit for the year has been arrived at after charging:		
Directors' emoluments (note 13)	**360,000**	360,000
Other staff costs		
Salaries and other benefits	**10,169,331**	10,618,589
Retirement benefits scheme contributions	**1,072,148**	801,113
Total staff costs	**11,601,479**	11,779,702
Amortisation of prepaid lease payments	**95,632**	92,115
Auditors' remuneration	**1,112,536**	1,238,713
Cost of inventories recognised as expense	**24,805,834**	21,126,702
Depreciation of property, plant and equipment	**2,583,921**	2,365,695
Loss on disposal of property, plant and equipment (included in other expenses)	**63,101**	168,329
Research and development costs (included in other expenses)	**1,538,579**	257,093

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

On 30 March 2012, the Company entered into the Asset Swap Agreement 2012 with Tianda Group to transfer its entire equity interests of subsidiaries and the shareholder's loan involved in its packaging and printing business and mineral resources business (collectively known as the "Disposal Group") at a consideration of HK$302,200,000 in aggregate, in exchange for its ultimate holding company, Tianda Group's, 100% equity interest in certain subsidiaries which are engaged in the manufacture and sales of pharmaceutical and biotechnology products (collectively known as the "Acquisition Group") and its shareholder's loan at a consideration of HK$380,000,000 in aggregate. The shortfall of the consideration for the acquisition and the disposal of HK$77,800,000 will be settled by cash. The proposed acquisition and disposal are considered as major and connected transactions. Details of the transactions are set out in the Company's circular dated 30 May 2012.

As explained in note 1, the disposal is expected to be completed before 30 September 2012 upon fulfilment of certain conditions set out in the Company's circular dated 30 May 2012, and the results of the Disposal Group are accounted for as discontinued operations in the consolidated statement of comprehensive income for the year ended 31 March 2012 and its assets and liabilities are classified as a disposal groups held-for-sale in the consolidated statement of financial position as at 31 March 2012.

The profit for the year from the discontinued operations is analysed as follows:

	2012 **HK$**	2011 HK$
Profit of packaging and printing business (Note a)	**41,778,741**	24,595,680
Loss of mineral resources business (Note b)	**(6,217,570)**	(2,932,959)
Profit for the year from discontinued operations	**35,561,171**	21,662,721
Profit for the year from discontinued operations attributable to:		
Owners of the Company	**23,779,942**	15,731,611
Non-controlling interests	**11,781,229**	5,931,110
	35,561,171	21,662,721

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE *(Cont'd)*

The disposal groups classified as held-for-sale is analysed as follows:

	2012 **HK$**
Assets associated with disposal group of packaging and printing business (Note a)	**531,658,845**
Assets associated with disposal group of mineral resources business (Note b)	**17,743,816**
Total assets associated with disposal groups classified as held-for-sale	**549,402,661**
Liabilities associated with disposal group of packaging and printing business (Note a)	**234,100,664**
Liabilities associated with disposal group of mineral resources business (Note b)	**10,320,034**
Total liabilities associated with disposal groups classified as held-for-sale	**244,420,698**
Exchange reserve recognised in other comprehensive income and accumulated in equity relating to disposal group of packaging and printing business (Note a)	**16,309,213**
Exchange reserve recognised in other comprehensive income and accumulated in equity relating to disposal group of mineral resources business (Note b)	**2,381,015**
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale	**18,690,228**

For presentation in the consolidated statement of financial position as at 31 March 2012, the amounts due to group entities amounting to HK$129,818,206 has been excluded from the total liabilities associated with disposal groups held-for-sale.

(a) Packaging and printing business classified as held-for-sale

(i) The results of the packaging and printing business for the years end 31 March 2012 and 2011 were as follows:

	2012 **HK$**	2011 HK$
Revenue	**299,956,774**	102,685,503
Cost of sales	**(212,221,950)**	(64,779,512)
Gross profit	**87,734,824**	37,905,991
Other income and gains	**5,098,493**	5,419,393
Distribution and selling expenses	**(16,160,718)**	(7,266,749)
Administrative expenses	**(13,456,841)**	(3,893,426)
Other expenses	**(14,486,001)**	(5,507,695)
Share of result of an associate (note 22)	**1,369,877**	1,981,483
Profit before tax	**50,099,634**	28,638,997
Income tax expense	**(8,320,893)**	(4,043,317)
Profit for the year	**41,778,741**	24,595,680

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE *(Cont'd)*

(a) Packaging and printing business classified as held-for-sale *(Cont'd)*

(i) *(Cont'd)*

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. 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.

The tax rate of the PRC subsidiaries of the Group is 25%.

Zhuhai S.E.Z. Cheng Cheng Printing Co., Ltd. ("Cheng Cheng"), one of the subsidiaries grouped in the disposal group of packaging and printing business, was recognised as a High-Tech Enterprise and is subject to preferential tax rate of 15% from 1 January 2009 to 31 December 2011. Tax rate is 25% from 1 January 2012.

(ii) Profit for the year from packaging and printing business has been arrived at after charging:

	2012 HK$	2011 HK$
Directors' emoluments	**–**	–
Other staff costs		
Salaries and other benefits	**36,674,346**	14,771,920
Retirement benefits scheme contributions	**1,868,039**	702,967
Total staff costs	**38,542,385**	15,474,887
Amortisation of prepaid lease payments	**215,391**	103,736
Cost of inventories recognised as expense (including amortisation of intangible assets of HK$9,794,471 (2011: HK$3,469,399))	**212,221,950**	64,779,512
Depreciation of property, plant and equipment	**10,634,552**	4,244,259
Loss on disposal of property, plant and equipment (included in other expenses)	**37,461**	–
Research and development costs (included in other expenses)	**14,448,540**	5,507,695
Net foreign exchange loss	**225,133**	91,638
and after crediting:		
Dividend income from available-for-sale investments – investment in an investee company (included in revenue)	**(5,426,585)**	(5,629,894)
Interest income from bank deposits (included in other income and gains)	**(3,503,140)**	(962,261)

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE *(Cont'd)*

(a) Packaging and printing business classified as held-for-sale *(Cont'd)*

(iii) Cash flows for the years ended 31 March 2012 and 2011 from the packaging and printing business were as follows:

	2012	2011
	HK$	HK$
Net cash inflows from operating activities	**27,366,361**	7,778,080
Net cash inflows (outflows) from investing activities	**32,647,969**	(34,899,258)
Net cash (outflows) inflows from financing activities	**(35,046,708)**	39,720,063
Net cash inflows	**24,967,622**	12,598,885

(iv) The major classes of assets and liabilities of the packaging and printing business classified as held-for-sale are as follows:

	HK$
Property, plant and equipment (note 17)	63,477,278
Prepaid lease payments (note 18)	7,358,681
Interest in an associate (note 22)	15,923,773
Available-for-sale investments	
– investment in an investee company (note 23)	32,465,141
Goodwill (note 19)	44,550,363
Intangible assets (note 20)	77,418,760
Deposit for the acquisition of property, plant and equipment	7,404,266
Inventories (note 24)	62,066,036
Trade and other receivables (note 25)	31,306,129
Amounts due from related companies (note 37(a))	43,582,841
Bank deposits	102,233,534
Bank balances and cash	43,872,043
Total disposal group classified as held-for-sale	531,658,845
Trade and other payables (note 28)	53,894,269
Amounts due to related companies (note 37(a))	790,755
Dividend payable to non-controlling interests	27,389,639
Tax payable	3,176,869
Deferred tax liabilities (note 31)	22,983,016
Amounts due to group entities	125,866,116
Total liabilities associated with disposal group classified as held-for-sale	234,100,664
Exchange reserve recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale	16,309,213

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE *(Cont'd)*

(b) Mineral resources business classified as held-for-sale

(i) The results of the mineral resources business for the years end 31 March 2012 and 2011 were as follows:

	2012 **HK$**	2011 HK$
Other income and gains	**384,834**	256,618
Administrative expenses	**(2,746,617)**	(3,189,577)
Impairment loss recognised in respect of exploration and evaluation assets (note 21)	**(3,851,286)**	–
Loss before tax	**(6,213,069)**	(2,932,959)
Income tax expense	**(4,501)**	–
Loss for the year	**(6,217,570)**	(2,932,959)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. 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.

The tax rate of the PRC subsidiaries of the Group is 25%.

(ii) Loss for the year from mineral resources business has been arrived at after charging:

	2012 **HK$**	2011 HK$
Directors' emoluments	**–**	–
Other staff costs		
Salaries and other benefits	**1,012,766**	1,051,809
Retirement benefits scheme contributions	**69,448**	44,596
Total staff costs	**1,082,214**	1,096,405
Depreciation of property, plant and equipment	**681,196**	669,180
Net foreign exchange loss	**24,671**	98,160
and after crediting:		
Interest income from bank deposits (included in other income and gains)	**(277,269)**	(179,211)

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE *(Cont'd)*

(b) Mineral resources business classified as held-for-sale *(Cont'd)*

(iii) Cash flows for the years ended 31 March 2012 and 2011 from the mineral resources business were as follows:

	2012 **HK$**	2011 HK$
Net cash outflows from operating activities	**(2,007,680)**	(2,390,746)
Net cash (outflows) inflows from investing activities	**(2,595,449)**	3,031,897
Net cash (outflows) inflows from financing activities	**(82,318)**	6,287,313
Net cash (outflows) inflows	**(4,685,447)**	6,928,464

(iv) The major classes of assets and liabilities of the mineral resources business classified as held-for-sale are as follows:

	HK$
Property, plant and equipment (note 17)	1,413,453
Exploration and evaluation assets (note 21)	2,664,960
Other receivables (note 25)	345,911
Bank deposits	7,440,476
Bank balances and cash	5,879,016
Total disposal group classified as held-for-sale	17,743,816
Other payables (note 28)	185,917
Amount due to ultimate holding company (note 37(b)(ii))	107,917
Loans from ultimate holding company (note 37(b)(i))	6,074,110
Amounts due to group entities	3,952,090
Total liabilities associated with disposal group classified as held-for-sale	10,320,034
Exchange reserve recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale	2,381,015

13. 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 2012

	Fees HK$	Other emoluments: Salaries and other benefits HK$	Other emoluments: Retirement benefits scheme contributions HK$	Total emoluments 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 2011

	Fees HK$	Other emoluments: Salaries and other benefits HK$	Other emoluments: Retirement benefits scheme contributions HK$	Total emoluments 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 2012 and 2011.

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

(b) Employees' emoluments

During the year ended 31 March 2011 and 2012, of the five individuals with the highest emoluments in the Group, none was a director of the Company whose emolument is included in the disclosures in note (a) above. The emoluments of the remaining five individuals were as follows:

	2012 HK$	2011 HK$
Salaries and other benefits	**2,884,810**	3,208,461
Retirement benefits scheme contributions	**15,000**	24,000
	2,899,810	3,232,461

Their emoluments were within the following bands:

	2012 No. of employees	2011 No. of employees
HK$nil to HK$1,000,000	**5**	4
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.

14. BASIC EARNINGS PER SHARE

From continuing and discontinued operations

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

	2012	2011
	HK$	HK$
Earnings		
Earnings for the purposes of basic earnings per share	**43,095,595**	67,426,465
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,870,118,160**	1,555,016,059

From continuing operations

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

	2012	2011
	HK$	HK$
Profit for the year attributable to the owners of the Company	**43,095,595**	67,426,465
Less: profit for the year from discontinued operations	**23,779,942**	15,731,611
Profit for the purpose of basic earnings per share from continuing operations	**19,315,653**	51,694,854

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

14. BASIC EARNINGS PER SHARE *(Cont'd)*

From discontinued operations

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

	2012 **HK$**	2011 HK$
Profit for the purpose of basic earnings per share from discontinued operations	**23,779,942**	15,731,611
Basic earnings per share from discontinued operations	**1.27 cents**	1.01 cents

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

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

15. DIVIDENDS

The final dividend of HK0.47 cent per share amounting to HK$8,789,555 in aggregate in respect of the year ended 31 March 2012 has been proposed by the directors and is subject to the approval by the shareholders at Annual General Meeting.

The final dividend of HK0.72 cent (2010: HK0.45 cent) per share and special dividend of HK0.66 cent (2010: nil) per share amounting to HK$25,807,631 (2010: HK$4,207,765) in aggregate in respect of the year ended 31 March 2011 had been proposed by the directors and was approved by the shareholders at Annual General Meeting. The dividends were paid and recognised as distribution during the year ended 31 March 2012 (2010: year ended 31 March 2011).

16. INVESTMENT PROPERTY

	HK$
FAIR VALUE	
At 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, 1 April 2011 and 31 March 2012	–

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

17. 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 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 35(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 and 1 April 2011	31,549,459	68,183,654	2,480,456	5,944,769	6,490,628	114,648,966
Exchange realignment	1,264,425	2,478,800	–	165,044	289,800	4,198,069
Additions	–	4,798,356	–	1,347,398	3,123,879	9,269,633
Disposals/written-off	–	(322,975)	–	(295,267)	–	(618,242)
Reclassified as held-for-sale (note 12)	(13,393,170)	(57,906,102)	–	(3,692,671)	(7,051,469)	(82,043,412)
At 31 March 2012	**19,420,714**	**17,231,733**	**2,480,456**	**3,469,273**	**2,852,838**	**45,455,014**
ACCUMULATED DEPRECIATION						
At 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 and 1 April 2011	7,150,964	11,358,059	2,480,456	2,151,215	2,870,829	26,011,523
Exchange realignment	429,837	592,833	–	48,861	136,142	1,207,673
Provided for the year	1,125,367	10,017,786	–	1,021,909	1,734,607	13,899,669
Eliminated on disposals/written-off	–	(237,405)	–	(272,062)	–	(509,467)
Eliminated on reclassify as held-for-sale (note 12)	(1,025,863)	(12,431,611)	–	(841,065)	(2,854,142)	(17,152,681)
At 31 March 2012	**7,680,305**	**9,299,662**	**2,480,456**	**2,108,858**	**1,887,436**	**23,456,717**
CARRYING VALUES						
At 31 March 2012	**11,740,409**	**7,932,071**	**–**	**1,360,415**	**965,402**	**21,998,297**
At 31 March 2011	24,398,495	56,825,595	–	3,793,554	3,619,799	88,637,443

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

17. 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	10% – 33.33% or the term of the lease, if shorter
Furniture, fixtures and equipment	10% – 20%
Motor vehicles	10% – 20%

18. PREPAID LEASE PAYMENTS

	2012 **HK$**	2011 HK$
Prepaid lease payments for medium-term leasehold land in the PRC:		
Included in current assets	**97,530**	146,231
Included in non-current assets	**3,922,633**	11,169,904
	4,020,163	11,316,135

Prepaid lease payments are released to profit or loss over the lease terms of 50 years. An amount of HK$7,358,681 at 31 March 2012 has been classified as held-for-sale in note 12(a).

19. GOODWILL

	Meng Sheng HK$	Cheng Cheng HK$ (restated)	Total HK$ (restated)
COST			
At 1 April 2010	6,051,273	–	6,051,273
Exchange realignment	312,546	1,007,096	1,319,642
Arising on acquisition of subsidiaries (note 35(a))	–	42,032,812	42,032,812
At 31 March 2011 and 1 April 2011, restated	6,363,819	43,039,908	49,403,727
Exchange realignment	223,333	1,510,455	1,733,788
Transfer to disposal groups classified as held-for-sale (note 12(a))	–	(44,550,363)	(44,550,363)
At 31 March 2012	**6,587,152**	**–**	**6,587,152**

For the purposes of impairment testing, the goodwill has been allocated to two cash generating units (the "CGU") representing two PRC subsidiaries, (1) the sales of pharmaceutical and biotechnology products segment for Meng Sheng, and (2) sales of packaging and printing products segment for Cheng Cheng. During the years ended 31 March 2012 and 2011 as well as immediately prior to the classification of packaging and printing business as disposal groups classified as held-for-sale, 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 at 31 March 2011 and 2012 and Cheng Cheng at 31 March 2011 and immediately prior to classification as disposal groups held-for-sale 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 9.27% (2011: 10.71%) for Meng Sheng and a twenty-year period and a discount rate of 10.58% (2011: 16.60%) 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.

20. INTANGIBLE ASSETS

	Customer relationship HK$ (restated)
COST	
At 1 April 2010	–
Exchange realignment	2,059,120
Arising from acquisition of subsidiaries (note 35(a))	85,933,732
At 31 March 2011	87,992,852
Exchange realignment	3,088,043
Reclassified as held-for-sale (note 12(a))	(91,080,895)
At 31 March 2012	**–**
ACCUMULATED AMORTISATION	
At 1 April 2010	–
Exchange realignment	(79,388)
Provided for the year	(3,469,399)
At 31 March 2011	(3,548,787)
Exchange realignment	(318,877)
Provided for the year	(9,794,471)
Eliminated on reclassification as held-for-sale (note 12(a))	13,662,135
At 31 March 2012	**–**
CARRYING VALUE	
At 31 March 2012	**–**
At 31 March 2011	84,444,065

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.

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.

21. EXPLORATION AND EVALUATION ASSETS

	HK$
At 1 April 2010	3,036,545
Exchange realignment	174,016
Additions during the year	751,330
At 31 March 2011 and 1 April 2011	3,961,891
Exchange realignment	186,031
Additions during the year	2,368,324
Impairment loss recognised in the year (note 12(b))	(3,851,286)
Reclassified as held-for-sale (note 12(b))	(2,664,960)
At 31 March 2012	**–**

Included in the above balance are expenditures incurred for carrying out activities in relation to geological research over three (2011: three) concession areas to evaluate the technical feasibility of exploration and extraction of mineral resources and acquisition of exploration rights from the PRC government to explore nonferrous metal resources in the Yunnan Province of the PRC with expiry dates ranging from August 2013 to May 2014.

During the year ended 31 March 2012, the directors of the Company concluded that the exploration for and evaluation of mineral resources over one (2011: nil) of the concession areas have not led to the discovery of commercially viable quantities of mineral resources and decided to discontinue such activities in the concession area. Therefore, the carrying amount of this concession area of HK$3,851,286 (2011: HK$nil) is fully impaired to profit or loss from discontinued operations prior to its classification as an asset held-for-sale. In addition, the directors of the Company consider that no impairment is considered necessary for the other two concession areas prior to their classification as assets held-for-sale.

22. INTEREST IN AN ASSOCIATE

	2012 **HK$**	2011 HK$
Cost of unlisted investment in associate	**13,825,570**	13,825,570
Accumulated exchange realignment	**2,207,770**	1,638,460
Share of post-acquisition (losses) profits, net of dividends received	**(109,567)**	54,214
Reclassified as held-for-sale (note 12(a))	**(15,923,773)**	–
	–	15,518,244

The associate was accounted for using equity method prior to the reclassification to assets classified as held-for-sale.

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

As at 31 March 2012 and 2011, 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 2012	2011	Principal activities
Yunnan Huaning Xingning Colour Material Printing Co., Limited 雲南華寧興寧彩印有限公司 ("Huaning Xingning")	Incorporated	PRC	**25%**	25%	Printing and sales of cigarette packaging packs and boxes

Included in the cost of investment in an associate was goodwill amounting to HK$2,215,030 (2011: HK$2,139,931) arising on acquisition of Huaning Xingning in prior years.

The movement of goodwill is set out below:

	HK$
COST	
At 1 April 2010	2,034,840
Exchange realignment	105,091
At 31 March 2011 and 1 April 2011	2,139,931
Exchange realignment	75,099
Reclassified as held-for-sale (note 12(a))	(2,215,030)
At 31 March 2012	**–**

No impairment loss was recognised in respect of goodwill included in the investment in an associate.

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

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

Results for the year ended 31 March

	2012 **HK$**	2011 HK$
Revenue	**44,530,241**	51,985,912
Depreciation	**1,510,683**	1,273,576
Profit for the year	**5,479,508**	7,925,929
Group's share of profit of an associate for the year	**1,369,877**	1,981,483

Financial position as at 31 March

	2012 **HK$**	2011 HK$
Total assets	**71,056,730**	68,258,487
Total liabilities	**(16,221,760)**	(14,745,233)
Net assets	**54,834,970**	53,513,254
Group's share of net assets of an associate	**13,708,743**	13,378,313

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

The investment in an investee company at 31 March 2011 was accounted for as an available-for-sale investment which represented the Group's 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 sales of cigarette packaging packs and boxes. This investment was measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates was so significant that the directors of the Company were of the opinion that its fair value could not be measured reliably. The amount at 31 March 2012 has been classified as held-for-sale in note 12(a).

During the years ended 31 March 2012 and 2011, 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.

24. INVENTORIES

	2012 HK$	2011 HK$
Raw materials	**5,134,912**	26,398,804
Work in progress	**289,840**	6,405,078
Finished goods	**2,421,650**	54,547,137
	7,846,402	87,351,019

An amount of HK$62,066,036 (comprising raw materials of HK$19,692,441, work in progress of HK$1,615,658 and finished goods of HK$40,757,937) at 31 March 2012 has been classified as held-for-sale in note 12(a).

25. TRADE AND OTHER RECEIVABLES

	2012 HK$	2011 HK$
Trade receivables	**1,081,153**	5,118,559
Dividends receivable from available-for-sale investments		
– investments in an investee company and an associate (note)	**–**	6,869,417
Prepayments to suppliers	**1,360,977**	751,052
Other receivables, deposits and prepayments	**2,027,122**	4,767,561
Total trade and other receivables	**4,469,252**	17,506,589

Note: Amount outstanding at 31 March 2011 was unsecured, interest free and settled during the year ended 31 March 2012.

As at 31 March 2012, an amount of HK$31,652,040 (comprising (i) trade receivables of HK$22,005,609, (ii) dividends receivable from available-for-sale investments – investments in an investee company and an associate of HK$6,960,242, (iii) prepayments to suppliers of HK$363,595 and (iv) other receivables, deposits and prepayments of HK$2,322,594) has been classified as held-for-sale in note 12.

25. 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 including those classified as held-for-sale is presented based on the invoice date at the end of the reporting date:

	2012	2011
	HK$	HK$
0 – 60 days	**10,840,158**	3,410,093
Over 60 days	**12,246,604**	1,708,466
	23,086,762	5,118,559

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$12,246,604 (2011: HK$1,708,466) 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

	2012	2011
	HK$	HK$
61 – 90 days	**5,981,910**	121,779
Over 90 days	**6,264,694**	1,586,687
	12,246,604	1,708,466

The Group's trade and other receivables excluding those classified as held-for-sale denominated in currencies other than the functional currency of the respective group entities are set out below:

	2012	2011
	HK$	HK$
HK$	**2,861**	2,003,283

26. AVAILABLE-FOR-SALE INVESTMENTS – DEBT INSTRUMENTS

	2012 HK$	2011 HK$
Investment products	–	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 could be redeemed at any time at the discretion of the Group. The return was determined with reference to the prevailing market interest rates and performance of the underlying debt investments invested by the bank and the principal was not protected by the bank. Accordingly, the Group was exposed to the credit risk of the underlying investments invested by the bank. The investment products were debt instruments and were designated as an available-for-sale investment on initial recognition. The return rate stated in the contract of the investment products was expected to be 4.2% per annum. The investment was fully redeemed during the year end 31 March 2012.

In the opinion of the directors, the fair value of the investment products at 31 March 2011 approximated the principal amount, together with the accrued interests.

27. BANK DEPOSITS, BANK BALANCES AND CASH

The bank deposits, which comprise short-term fixed deposits with original maturity of 1-6 months (2011: 1-6 months), carry market interest rates ranging from 0.1% to 3.3% (2011: 0.05% to 2.8%) per annum.

Bank balances carry variable interest at market rates which range from 0.01% to 0.5% (2011: 0.01% to 0.4%) per annum.

The Group's bank deposits, bank balances and cash excluding those classified as held-for-sale that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	2012 HK$	2011 HK$
HK$	**226,048,392**	269,174,552
US$	**34,236,526**	33,969,788
EUR	–	1,788,938

28. TRADE AND OTHER PAYABLES

The following is an analysis of the Group's trade and other payables including those classified as held-for-sale at the end of the reporting period:

	2012	2011
	HK$	HK$
Trade payables	**5,007,193**	33,284,189
Note payables	**–**	24,338,844
Deposits received from customers	**1,662,664**	1,472,872
Value added tax payables	**2,200,787**	1,586,081
Other payables and accruals	**3,916,458**	4,387,593
Total trade and other payables	**12,787,102**	65,069,579

An amount of HK$54,080,186 (comprising (i) trade payables of HK$21,011,617, (ii) note payables of HK$25,998,450, (iii) deposits received from customers of HK$nil, (iv) value added tax payables of HK$2,661,342 and (v) other payables and accruals of HK$4,408,777) at 31 March 2012 has been classified as held-for-sale in note 12.

The following is an analysis of the Group's trade payables including those classified as held-for-sale at the end of the reporting period:

	2012	2011
	HK$	HK$
Trade payables (note)		
Within 60 days	**20,255,230**	27,088,378
61–90 days	**1,234,199**	2,012,524
Over 90 days	**4,529,381**	4,183,287
	26,018,810	33,284,189
Note payables		
Within 60 days	**18,354,058**	10,007,598
61–90 days	**7,644,392**	14,331,246
	25,998,450	24,338,844
Total trade payables	**52,017,260**	57,623,033

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 2010	2,184,416
Exchange realignment	104,910
Credited to profit or loss	(345,514)
At 31 March 2011 and 1 April 2011	1,943,812
Exchange realignment	61,099
Credited to profit or loss	(358,706)
At 31 March 2012	1,646,205

Analysed for reporting purposes as:

	2012 **HK$**	2011 HK$
Current liabilities*	**365,823**	353,420
Non-current liabilities	**1,280,382**	1,590,392
	1,646,205	1,943,812

* 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 2010	**2,000,000,000**	200,000,000
Increase on 22 June 2010	**2,000,000,000**	200,000,000
At 31 March 2011 and 31 March 2012	**4,000,000,000**	400,000,000
Issued and fully paid:		
At 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 and 31 March 2012	**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 is 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$ (restated)	Withholding tax on distributable profit of subsidiaries HK$	Total HK$ (restated)
At 1 April 2010	389	(389)	–	–	584,840	584,840
Exchange realignment	–	–	30,276	494,915	–	525,191
Arising from acquisition of a subsidiary (note 35(a))	–	–	1,281,025	21,483,450	–	22,764,475
(Credit) charge to profit or loss	(110)	110	(18,320)	(867,349)	4,452,876	3,567,207
Reversal upon payment	–	–	–	–	(583,427)	(583,427)
At 31 March 2011 and 1 April 2011	279	(279)	1,292,981	21,111,016	4,454,289	26,858,286
Exchange realignment	–	–	44,624	692,288	36,794	773,706
(Credit) charge to profit or loss	(80)	80	(38,038)	(2,448,618)	5,185,272	2,698,616
Reversal upon payment	–	–	–	–	(5,706,472)	(5,706,472)
Transferred to disposal groups as held for sale (note 12(a))	–	–	(1,299,567)	(19,354,686)	(2,328,763)	(22,983,016)
At 31 March 2012	199	(199)	–	–	1,641,120	1,641,120

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$62,986,000, of which HK$46,575,000 was related to disposal groups held-for-sale, has been recognised for the year ended 31 March 2012 (2011: HK$48,919,000).

At 31 March 2012, the Group had unused tax losses of HK$157,640,200 (2011: HK$145,864,300) available to offset against future profits. A deferred tax asset has been recognised in respect of tax losses of HK$1,200 (2011: HK$1,700). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$157,639,000 (2011: HK$145,862,600) due to the unpredictability of future profit streams. All these losses may be carried forward indefinitely.

At 31 March 2012, the Group has other deductible temporary differences of HK$1,081,000 (2011: HK$1,060,000) in respect of excess of accounting depreciation over depreciation allowances. 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 from continuing operations of HK$87,958 (2011: HK$63,749) 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 2012, the total cost charged to profit or loss (including continuing and discontinued operations) of HK$2,921,677 (2011: HK$1,484,927) represents contributions paid to the state-managed retirement benefit scheme by the Group in respect of the current year.

	2012 **HK$**	2011 HK$
Continuing operations	**984,190**	737,364
Discontinued operations	**1,937,487**	747,563
	2,921,677	1,484,927

33. OPERATING LEASE

The Group as lessee

Minimum lease payments paid under operating leases in respect of office premises (including continuing and discontinued operations) during the year amounted to HK$5,748,149 (2011: HK$4,921,804).

	2012 **HK$**	2011 HK$
Continuing operations	**4,738,920**	4,737,920
Discontinued operations	**1,009,229**	183,884
	5,748,149	4,921,804

33. OPERATING LEASE *(Cont'd)*

The Group as lessee *(Cont'd)*

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:

	2012 **HK$**	2011 HK$
Within one year	**5,189,835**	4,299,000
In the second to fifth year inclusive	**9,538,032**	–
	14,727,867	4,299,000

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

34. CAPITAL COMMITMENTS

	2012 **HK$**	2011 HK$
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**3,781,374**	2,952,782

Included in the capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements at 31 March 2012 is an amount of HK$3,451,413 relating to discontinued operations.

35. ACQUISITION OF SUBSIDIARIES/DISPOSAL OF SUBSIDIARIES

On 5 May 2010, the Company entered into an asset swap agreement ("Asset Swap Agreement 2011"), 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 and its shareholder's loan, at a consideration of HK$160 million ("Disposal Consideration") in exchange for Tianda Group's 100% equity interest in Cheng Cheng BVI, an investment holding company with 60% indirect equity interest in a principal subsidiary, Cheng Cheng ("collectively referred to as Cheng Cheng Group") and its shareholder's loan, 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 were considered as connected transactions.

On 30 March 2012, the Company entered into the Asset Swap Agreement 2012 with Tianda Group to transfer the Group's entire equity interest in Cheng Cheng BVI as part of the Asset Swap Agreement 2012. Details are set out in note 12(a).

35. 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 were as follows:

	Acquiree's carrying amount before combination	**Fair value adjustments**	**Fair value**
	HK$	HK$	HK$
		(restated)	(restated)
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	–	85,933,732	85,933,732
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	–	(22,764,458)	(22,764,458)
	194,992,434	68,293,371	263,285,805
Non-controlling interests			(105,318,617)
Goodwill			42,032,812
			200,000,000

The property, plant and equipment included a factory building located in the PRC under medium-term lease and the intangible assets represent customer relationship identified in Cheng Cheng. The fair value at 1 October 2010 had 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 had been valued on depreciated replacement cost approach and income approach, respectively.

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

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

During the year ended 31 March 2012, the fair value of intangible assets has been finalised and restated on the basis of a valuation using income approach by Asset Appraisal Limited. For details of restatement, please refer to note 2.

The fair value of trade and other receivables at the date of acquisition approximated 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 arose in the acquisition because the cost of combination included 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 ended 31 March 2011 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 ended 31 March 2011 from continuing and discontinued operations would have been HK$304,455,000 and profit for the year ended 31 March 2011 from continuing and discontinued operations would have been HK$120,922,000. The pro forma information was for illustrative purposes only and was 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 was it intended to be a projection of future results.

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

	HK$
Satisfied by:	
Disposal Consideration (note 35(b))	160,000,000
Cash consideration	40,000,000
	200,000,000

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

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

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") was 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 ultimate holding company	4,477,651
Disposal Consideration	160,000,000

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$4,500,845, representing the reclassification of the exchange reserve arisen from the translation of financial statements of a subsidiary with functional currency of RMB, to the Company's functional currency, HK$, before the change in functional currency of the Company from HK$ to RMB, directly to profit or loss upon disposal. In addition, HK$4,727,348, representing the exchange reserve arisen from the translation of financial statements of the subsidiary with functional currency of RMB to the Group's presentation currency, HK$, subsequent to the change in the Company's functional currency up to the date of disposal of Tinwise was transferred directly to accumulated profits.

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

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

	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.

36. 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.

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.

37. RELATED PARTY TRANSACTIONS

(a) Amount due from (to) related companies

Due from related companies:

	2012 HK$	2011 HK$
Trade balances	**43,582,841**	23,374,128
Non-trade balances	**–**	25,038,936
	43,582,841	48,413,064

Due to related companies:

	2012 HK$	2011 HK$
Trade balances	**790,755**	4,746,690

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

As at 31 March 2012, amounts of HK$43,582,841 (2011: HK$23,374,128) included in the Group's amounts due from related companies are trading in nature, and arose from sales of packaging and printing products. The amount at 31 March 2012 has been classified as held-for-sale in note 12(a). 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 period:

	2012 HK$	2011 HK$
0 – 60 days	**43,214,751**	23,221,900
Over 60 days	**368,090**	152,228
	43,582,841	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$nil (2011: HK$152,228) at 31 March 2012 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.

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

(a) Amount due from (to) related companies *(Cont'd)*

As at 31 March 2012, the Group's amounts due to related companies of HK$790,755 (2011: HK$4,746,690) are trading in nature, arising from purchase of materials for packaging and printing products. The amount at 31 March 2012 has been classified as held-for-sale in note 12(a). The whole amount as at 31 March 2012 and 2011 are aged within 90 days. The amounts were unsecured, non-interest bearing and with credit term ranged from 30 days to 120 days.

For non-trade related amounts due from related companies as at 31 March 2011, the amounts were unsecured, non-interest bearing and repayable on demand.

(b) (i) Tianda Group has provided shareholders' loan to Tianda Mining (Yunnan) Limited ("Tianda Yunnan") and Tianda Mining (Gansu) Limited ("Tianda Gansu"), subsidiaries of the Company for the working capital need for the establishment of subsidiaries in PRC and investments in exploring mineral resources in the PRC in proportion to their respective equity interest in the subsidiaries. As at 31 March 2012, loan contributed by the Tianda Group to Tianda Yunnan and Tianda Gansu amounted to HK$6,074,110 (2011: HK$6,059,788). The amount at 31 March 2012 has been classified as held-for-sale in note 12(b). The amount is unsecured, interest free and repayable on demand.

(ii) The amount due to ultimate holding company is unsecured, interest free and repayable on demand. The amount at 31 March 2012 has been classified as held-for-sale in note 12(b).

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

Name of related company	Notes	Nature of transactions	2012 HK$	2011 HK$
雲南紅塔集團有限責任公司	(i)	Sales	**154,558,357**	–
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	**19,573,307**	7,677,109
天大藥業(珠海)有限公司	(ii)	Sales	**1,613,244**	613,305
紅塔煙草(集團)有限責任公司	(i)	Sales	**4,843,213**	436,300
		Design Fee Income	**11,037,517**	3,844,929
Tianda Group	(iii)	Sales	**–**	15,216
雲南荷樂賓防偽技術有限公司	(i)	Purchases	**11,091,989**	9,652,466

Notes:

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

(ii) The company is the fellow subsidiary of the Company.

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

For the year ended 31 March 2012

37. 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:

	2012 **HK$**	2011 HK$
Short-term benefits	**2,929,810**	3,298,187
Post-employment benefits	**10,000**	24,000
	2,939,810	3,322,187

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 entered into the Asset Swap Agreement 2011 with Tianda Group as set out in note 35. The acquisition of Cheng Cheng Group and disposal of Tinwise Group with Tianda Group was completed on 1 October 2010.

(f) On 30 March 2012, the Company entered into the Asset Swap Agreement 2012 with Tianda Group as set out in note 12. The transaction is expected to be completed before 30 September 2012 upon fulfilment of certain conditions set out in the Company's circular dated 30 May 2012.

38. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2012, dividend amounting of HK$46,708,038 dividend was declared to non-controlling shareholders. An amount of HK$25,038,936 was settled by offsetting against the amount due from related party as set out in note 37(a).

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 35.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2012	2011
	HK$	HK$
ASSETS		
Plant and equipment	**654,411**	774,970
Investments in subsidiaries	**12**	127,770,681
Other receivables and rental deposit	**3,056,058**	1,933,270
Amounts due from subsidiaries	**–**	140,368,405
Bank deposits	**322,548,263**	229,063,430
Bank balances and cash	**2,432,818**	5,741,481
Assets classified as held-for-sale (note)	**242,075,705**	–
	570,767,267	505,652,237
LIABILITIES		
Other payables	**2,579,429**	2,846,398
Amounts due to subsidiaries	**75,400,514**	8,575,713
	77,979,943	11,422,111
NET ASSETS	**492,787,324**	494,230,126
CAPITAL AND RESERVES		
Share capital	**187,011,816**	187,011,816
Reserves	**305,775,508**	307,218,310
TOTAL EQUITY	**492,787,324**	494,230,126

Note: The amount comprises investments in subsidiaries of HK$112,257,499 and amounts due from subsidiaries of HK$129,818,206.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Company at 31 March 2012 and 2011 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		
			2012 %	2011 %	**2012** %	2011 %	
Meng Sheng*	PRC	RMB36,000,000	**–**	–	**55**	55	Research, development, manufacture and sales of pharmaceutical and biotechnology products
Cheng Cheng**Δ	PRC	RMB117,875,800	**–**	–	**60**	60	Sales of packaging and printing products
Yunyu Bio-Pharmaceutical Company Limited	British Virgin Islands/PRC	US$1	**100**	–	**–**	100	Investment holding
Yunyu Holdings LimitedΔ	Hong Kong	HK$2	**100**	100	**–**	–	Investment holding
Tianda YunnanΔ	Hong Kong	HK$100	**51**	51	**–**	–	Investment holding
Tianda GansuΔ	Hong Kong	HK$100	**–**	–	**51**	51	Investment holding
Yunnan Tianda Mining Limited**Δ	PRC	US$1,395,000	**–**	–	**51**	51	Exploration and development of mineral resources
Gansu Tianda Mining Limited**Δ	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

* Company incorporated as cooperative joint venture enterprise.
** Company established as foreign invested limited liability company.
Δ Companies classified as disposal groups held for sale in note 12.

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.

41. EVENT AFTER REPORTING PERIOD

(a) On 30 March 2012, the Company entered into the Asset Swap Agreement 2012 with Tianda Group which has been approved by independent shareholders at extraordinary general meeting held on 22 June 2012 and is expected to be completed before 30 September 2012 upon fulfilment of certain conditions set out in the Company's circular dated 30 May 2012. Details are set out in note 12.

(b) The board of directors of the Company proposed to change the name of the Company from "Tianda Holdings Limited 天大控股有限公司" to "Tianda Pharmaceuticals Limited 天大藥業有限公司". It has been approved by shareholders at extraordinary general meeting held on 22 June 2012 and shall become effective upon registration of new name on the Register of Companies in the Cayman Islands.