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Sparkle Roll Group Limited

耀萊集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 970)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010

RESULTS

The Board of directors (the "Directors") of Sparkle Roll Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2010, together with the comparative figures for the last corresponding year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	Notes	**2010** ***HK$'000***	2009 *HK$'000*
Revenue	*3*	**1,219,128**	611,530
Cost of sales		**(1,007,901)**	(627,678)
Gross profit/(loss)		**211,227**	(16,148)
Other income	*4*	**28,320**	48,436
Selling and distribution costs		**(51,950)**	(29,060)
Administrative expenses		**(54,464)**	(39,645)
Other operating expenses		**(2,687)**	(132,835)
Operating profit/(loss)	*5*	**130,446**	(169,252)
Finance costs	*6*	**(12,199)**	(16,472)
Profit/(loss) before income tax		**118,247**	(185,724)
Income tax expense	*7*	**(4,584)**	(6,031)
Profit/(loss) for the year		**113,663**	(191,755)

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Other comprehensive income, net of tax			
Exchange gains on translation of financial statements of foreign operations		**140**	2,155
Total comprehensive income/(loss) for the year		**113,803**	(189,600)
Profit/(loss) for the year attributable to:			
Owners of the Company		**113,016**	(189,969)
Minority interests		**647**	(1,786)
		113,663	(191,755)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**113,156**	(187,814)
Minority interests		**647**	(1,786)
		113,803	(189,600)
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company during the year	*9*		
- Basic		HK5.2 cents	HK(12.6) cents
- Diluted		HK4.6 cents	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Notes	**2010** ***HK$'000***	2009 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**24,358**	18,772
Goodwill	*10*	**597,334**	597,334
Other intangible assets		**5,454**	9,778
		627,146	625,884
Current assets			
Inventories		**131,421**	86,761
Film rights		**10,494**	11,746
Trade receivables	*11*	**87,263**	22,161
Deposits, prepayments and other receivables		**138,571**	40,977
Amounts due from related companies		**3,825**	13,813
Derivative financial instrument		**-**	698
Tax recoverable		**231**	231
Pledged bank deposits		**11,348**	5,337
Cash at banks and in hand		**174,700**	71,564
		557,853	253,288
Current liabilities			
Trade payables	*12*	**20,804**	12,943
Receipts in advance, accrued charges and other payables		**177,792**	52,395
Amounts due to related parties		**136**	10,601
Derivative financial instrument		**-**	697
Provision for tax		**5,863**	2,552
Borrowings		**17,663**	33,424
		222,258	112,612
Net current assets		**335,595**	140,676
Total assets less current liabilities		**962,741**	766,560

	Notes	**2010** ***HK$'000***	2009 *HK$'000*
Non-current liabilities			
Receipts in advance and other payables		**5,209**	3,919
Convertible notes		**64,951**	183,668
Derivative financial instrument		**18,469**	-
Deferred tax liabilities		**206**	22
		88,835	187,609
Net assets		**873,906**	578,951
EQUITY			
Share capital		**5,372**	3,572
Reserves		**856,371**	571,922
Proposed final dividend		**8,059**	-
Equity attributable to the owners of the Company		**869,802**	575,494
Minority interests		**4,104**	3,457
Total equity		**873,906**	578,951

NOTES

1. Basis of preparation

The financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. Adoption of new or amended HKFRSs

In the current year, the Group has applied for the first time all of the new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the year.

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented or on the Group's accounting policies. Accordingly, no adjustments on prior period are required.

(a) HKAS 1 (Revised 2007) "Presentation of Financial Statements"

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. A third statement of financial position as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements. It also gives rise to additional disclosures.

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example exchange difference on translation of financial statements of foreign operations. HKAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting polices on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or the Company statements of financial position at 1 April 2008 and accordingly the third statement of financial position as at 1 April 2008 is not presented.

(b) HKFRS 7 (Amendments) "Improving Disclosures about Financial Instruments"

The amendments require additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

(c) HKFRS 8 "Operating Segments"

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact on the Group's financial statements.

(a) HKFRS 3 (Revised) "Business Combinations"

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interests) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

(b) ***HKFRS 9 "Financial Instruments"***

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

(c) ***HKAS 27 (Revised) "Consolidated and Separate Financial Statements"***

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interests in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.

3. Segment information

The executive directors have identified the following reportable operating segments:

Comics and animations development - Publish and distribute comic books, provide sub-contracting services for animations production and distribute and broadcast animations;

Trading of automobiles and related parts and accessories and provision of after-sale services - Distribute branded cars, namely Bentley, Lamborghini and Rolls-Royce, and provide related after-sale services;

Trading of branded watches - Distribute branded watches, namely Richard Mille, DeWitt, Parmigiani and deLaCour BiTourbillion;

Trading of branded jewellery - Distribute branded jewellery, namely Boucheron and Federico Buccellati; and

Trading of fine wine - Distribute certain brands of fine wines.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. There are no inter-segment sales between the respective segments for both years.

The adoption of HKFRS 8 has changed the identified and reportable operating segments for the Group by grouping the two segments of publications and distributions of comic books and multimedia development into one segment of comics and animations development. Comparatives have been restated on a basis consistent with the new standard. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	2010					
	Comics and animations development *HK$'000*	**Trading of automobiles and related parts and accessories and provision of after-sale services** *HK$'000*	**Trading of branded watches** *HK$'000*	**Trading of branded jewellery** *HK$'000*	**Trading of fine wines** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**139,074**	**933,621**	**104,245**	**2,053**	**40,135**	**1,219,128**
Other income	**9,095**	**18,912**	**117**	**-**	**-**	**28,124**
Reportable segment revenue	**148,169**	**952,533**	**104,362**	**2,053**	**40,135**	**1,247,252**
Reportable segment results	**6,945**	**91,519**	**35,338**	**(182)**	**14,379**	**147,999**
Allowance for impairment of receivables	**1,625**	**-**	**-**	**-**	**-**	**1,625**
Amortisation of:						
- film rights	**4,641**	**-**	**-**	**-**	**-**	**4,641**
- other intangible assets	**4,760**	**-**	**1,249**	**115**	**-**	**6,124**
Depreciation of property, plant and equipment	**1,750**	**2,245**	**307**	**95**	**-**	**4,397**
Property, plant and equipment written-off	**474**	**-**	**-**	**-**	**-**	**474**
Write-down of inventories to net realisable value	**1,975**	**-**	**-**	**-**	**-**	**1,975**
Reportable segment assets	**107,952**	**859,813**	**110,179**	**33,389**	**30,203**	**1,141,536**
Corporate assets:						
- Financial assets						**40,103**
- Non-financial assets						**3,360**
Consolidated total assets						**1,184,999**
Additions to non-current segment assets during the year	**1,357**	**7,343**	**1,953**	**2,250**	**-**	**12,903**
Reportable segment liabilities	**25,741**	**163,205**	**14,820**	**-**	**-**	**203,766**
Corporate liabilities:						
- Financial liabilities						**101,258**
- Non-financial liabilities						**6,069**
Consolidated total liabilities						**311,093**

	2009					
	Comics and animations development *HK$'000*	Trading of automobiles and related parts and accessories and provision of after-sale services *HK$'000*	Trading of branded watches *HK$'000*	Trading of branded jewellery *HK$'000*	Trading of fine wines *HK$'000*	Total *HK$'000*
Revenue from external customers	152,327	435,679	23,524	-	-	611,530
Other income	22,723	24,904	-	-	-	47,627
Reportable segment revenue	175,050	460,583	23,524	-	-	659,157
Reportable segment results	(202,780)	38,366	4,648	-	-	(159,766)
Allowance for impairment of:						
- film rights	31,869	-	-	-	-	31,809
- goodwill	127,246	-	-	-	-	127,246
- other intangible assets	4,885	-	-	-	-	4,885
- receivables	19	302	82	-	-	403
Amortisation of:						
- film rights	3,757	-	-	-	-	3,757
- other intangible assets	1,932	-	783	-	-	2,715
- prepaid lease payments	58	-	-	-	-	58
Depreciation of property, plant and equipment	1,990	2,746	-	-	-	4,736
Write-down of inventories to net realisable value	46,814	-	-	-	-	46,814
Reversal of write-down of inventories to net realisable value	(2,236)	-	-	-	-	(2,236)
Reportable segment assets	123,256	692,918	52,121	-	-	868,295
Corporate assets:						
- Financial assets						6,210
- Non-financial assets						4,667
Consolidated total assets						879,172
Additions to non-current segment assets during the year	1,842	11,139	5,951	-	-	18,932
Reportable segment liabilities	40,595	33,813	1,049	-	-	75,457
Corporate liabilities:						
- Financial liabilities						222,188
- Non-financial liabilities						2,576
Consolidated total liabilities						300,221

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2010	2009
	HK$'000	*HK$'000*
Reportable segment results	**147,999**	(159,766)
Bank interest income	**196**	530
Fair value losses on derivative financial instruments	**(588)**	(111)
Unallocated corporate income	**-**	279
Unallocated corporate expenses	**(17,161)**	(10,184)
Finance costs	**(12,199)**	(16,472)
Profit/(loss) before income tax	**118,247**	(185,724)

The Group's revenues from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	Revenue from external customers		**Non-current assets**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China and Hong Kong	**1,217,212**	610,281	**627,146**	625,884
Others	**1,916**	1,249	**-**	-
	1,219,128	611,530	**627,146**	625,884

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical location of the asset.

4. Other income

	2010	2009
	HK$'000	*HK$'000*
Advertising income	**48**	29
Allowance for impairment of receivables written back	**87**	–
Amortisation of government grants *(note i)*	**116**	116
Bank interest income	**196**	530
Bonus receivable from supplier under warranty period	**4,545**	–
Exchange gains, net	**181**	–
Gains on disposals of property, plant and equipment	**–**	18,178
Government grants *(note ii)*	**5,944**	4,249
Income from insurance brokerage	**1,077**	–
Net fair value gains on derivative financial instruments	**1,887**	–
Other income from animations	**2,217**	–
Other income from car dealership	**9,312**	24,904
Others	**1,544**	430
Write back of deposits received	**1,166**	–
	28,320	48,436

Notes:

(i) The Group was entitled to receive government grants based on 15% of the paid-up capital of a subsidiary of the Group, 南京鴻鷹動漫娛樂有限公司 ("Nanjing Hongying"), within 3 years from the date of its establishment. The amount was recognised as deferred government grants and was amortised to profit or loss over 15 years.

(ii) The Group was entitled to receive, and recognised directly in profit or loss, grants of HK$5,944,000 (2009: HK$4,249,000) from the government of People's Republic of China, excluding Hong Kong and Macau (the "PRC") for productions and distributions of animations for the year ended 31 March 2010.

5. Operating profit/(loss)

	2010	2009
	HK$'000	*HK$'000*
Operating profit/(loss) are arrived at after charging/(crediting):		
Allowance for impairment of film rights[#]	**-**	31,869
Allowance for impairment of goodwill*	**-**	127,246
Allowance for impairment of other intangible assets*	**-**	4,885
Allowance for impairment of receivables*	**1,625**	403
Amortisation of film rights[#]	**4,641**	3,757
Amortisation of other intangible assets[##]	**6,124**	2,715
Amortisation of prepaid lease payments**	**-**	58
Auditors' remuneration	**1,190**	1,200
Less: Under/(over)-provision in prior years	**10**	(20)
	1,200	1,180
Cost of inventories recognised as expense, including	**957,439**	493,711
- Write-down of inventories to net realisable value[#]	**1,975**	46,814
- Reversal of write-down of inventories to net realisable value[#]	**-**	(2,236)
Depreciation of property, plant and equipment [###]	**5,538**	5,583
Exchange losses, net	**-**	854
Fair value losses on derivative financial instruments*	**588**	111
Losses on disposals of property, plant and equipment**	**109**	-
Operating lease payments in respect of rented premises	**27,708**	15,991
Property, plant and equipment written-off*	**474**	-
Defined contribution retirement benefits scheme contributions for employees	**2,918**	2,631
Other staff costs, including directors' emoluments	**70,682**	77,021
Total staff costs	**73,600**	79,652
Amounts capitalised in inventories	**(5,939)**	(9,516)
Staff costs charged to profit or loss	**67,661**	70,136
Cost of inventories recognised as expense includes the following expenses which are also included in the respective total amounts separately disclosed		
Depreciation	**1,077**	1,076
Staff costs	**46,253**	65,672

[#] The amounts have been included in cost of sales. During the year ended 31 March 2009, the Group reversed HK$2,236,000 of a previous write-down of inventories.

[##] Amortisation of other intangible assets of HK$4,760,000 (2009: HK$1,742,000) has been expensed in cost of sales, HK$1,364,000 (2009: HK$783,000) in administrative expenses and nil (2009: HK$190,000) in other operating expenses.

[###] Depreciation of HK$1,077,000 (2009: HK$1,076,000) has been expensed in cost of sales, HK$2,171,000 (2009: HK$2,685,000) in selling and distribution costs and HK$2,290,000 (2009: HK$1,822,000) in administrative expenses.

[*] The amounts have been included in other operating expenses.

[**] The amounts have been included in administrative expenses.

6. Finance costs

	2010	2009
	HK$'000	*HK$'000*
Interest expenses on financial liabilities stated at amortised cost:		
- Bank loans and overdrafts wholly repayable within five years	**442**	329
- Other loans wholly repayable within five years	**418**	-
- Effective interest expenses on convertible notes for the year	**12,134**	16,143
- Over-provision of effective interest expenses on convertible notes in prior years	**(795)**	-
	12,199	16,472

7. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the locations in which the Group operates.

Income tax of certain subsidiaries of the Company in the PRC is charged at progressive rates ranging from 18% to 25% (2009: 18% to 25%) on deemed profits calculated at 6% to 10% (2009: 10%) on revenue in accordance with relevant tax regulations in the PRC.

Nanjing Hongying is established in Nanjing High and Advanced Technological Industries Development Zone, of which Nanjing Hongying is exempted from the PRC Corporate Income Tax for the two years since 1 January 2007 and are thereafter subject to a tax rate at 15% for the following three years.

	2010	2009
	HK$'000	*HK$'000*
Current tax		
Hong Kong:		
- Current year	**564**	324
- Under-provision in respect of prior years	**108**	72
Overseas:		
- Current year	**3,728**	1,897
	4,400	2,293
Deferred tax		
- Current year	**(65)**	(441)
- Under-provision in respect of prior years	**249**	-
- Write-down of deferred tax assets	**-**	4,003
- Attributable to reduction in tax rate	**-**	176
	184	3,738
Total income tax expense	**4,584**	6,031

8. Dividends

	2010	2009
	HK$'000	*HK$'000*
Interim dividends of HK0.5 cent per share (2009: HK1.0 cent)		
- to existing shareholders	**10,556**	15,512
- to other shareholders*	**2,875**	2,350
	13,431	17,862
Proposed final dividend of HK0.3 cent per share (2009: Nil)	**8,059**	-
	21,490	17,862

Notes:

* Subsequent to 30 September 2008, an aggregate of 235,000,000 ordinary shares were issued pursuant to the conversion of convertible notes (the "New Shares I"). The holders of the New Shares I were also entitled to the interim dividend pursuant to the relevant provisions in the Company's Bye-laws. Accordingly, an interim dividend of HK$2,350,000 was paid to the holders of the New Shares I.

Subsequent to 30 September 2009, an aggregate of 575,000,000 ordinary shares were issued pursuant to the conversion of convertible notes (the "New Shares II"). The holders of the New Shares II were also entitled to the interim dividend pursuant to the relevant provisions in the Company's Bye-laws. Accordingly, an interim dividend of HK$2,875,000 was paid to the holders of the New Shares II.

** The directors recommend the payment of a final dividend of HK0.3 cents per ordinary share, totaling HK$8,059,000 in respect of the year ended 31 March 2010. Such a dividend is to be approved by the Company's shareholders at the upcoming Annual General Meeting. The proposed dividend has not been reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2011.

9. Earnings/(loss) per share

(a) Basic

The calculation of basic earnings per share is based on the profit attributable to the owners of the Company of HK$113,016,000 (2009: loss of HK$189,969,000) and on the weighted average of 2,186,796,687 (2009: 1,504,003,261) ordinary shares in issue during the year.

(b) Diluted

The calculation of diluted earnings per share for the year ended 31 March 2010 is based on the adjusted profit attributable to the owners of the Company of HK$125,150,000 and the weighted average number of

ordinary shares of 2,712,865,179 outstanding during the year, after adjusting for the effects of all dilutive potential ordinary shares.

The adjusted profit attributable to the owners of the Company is calculated based on the profit attributable to the owners of the Company for the year ended 31 March 2010 of HK$113,016,000 as used in the calculation of basic earnings per share plus effective interest expenses on convertible notes of HK$12,134,000.

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average of 2,186,796,687 ordinary shares in issue during the year ended 31 March 2010 as used in the calculation of basic earnings per share plus the weighted average of 526,068,492 ordinary shares deemed to be issued at no consideration as if all the Company's convertible notes had been converted.

The diluted loss per share for the year ended 31 March 2009 was not presented as the potential ordinary shares had anti-dilutive effect on loss per share.

10. Goodwill

The main changes in the carrying amount of goodwill result from acquisition of subsidiaries as well as impairment of previously recognised goodwill. The net carrying amount of goodwill can be analysed as follows:

	2010	2009
	HK$'000	*HK$'000*
At beginning of the year		
Gross carrying amount	**724,580**	141,194
Accumulated impairment	**(127,246)**	-
Net carrying amount	**597,334**	141,194
Year ended 31 March		
Opening net carrying amount	**597,334**	141,194
Acquisition of subsidiaries	**-**	580,679
Acquisition of additional interests in subsidiaries	**-**	2,707
Allowance for impairment	**-**	(127,246)
Closing net carrying amount	**597,334**	597,334
At end of the year		
Gross carrying amount	**724,580**	724,580
Accumulated impairment	**(127,246)**	(127,246)
Net carrying amount	**597,334**	597,334

11. Trade receivables

An ageing analysis of trade receivables as at the reporting date, based on the invoice dates, and net of impairment losses, is as follows:

	2010	2009
	HK$'000	*HK$'000*
0 - 30 days	**71,749**	7,876
31 - 60 days	**8,622**	3,377
61 - 90 days	**550**	1,571
Over 90 days	**6,342**	9,337
	87,263	22,161

12. Trade payables

The following is an ageing analysis of trade payables at the reporting date:

	2010	2009
	HK$'000	*HK$'000*
0 - 30 days	**7,312**	5,110
31 - 60 days	**7,567**	1,653
61 - 90 days	**2,280**	2,092
Over 90 days	**3,645**	4,088
	20,804	12,943

FINANCIAL REVIEW

The revenue of the Group for the year ended 31 March 2010 of approximately HK$1,219.1 million represented a significant increase of approximately 99.4% compared to approximately HK$611.5 million recorded in the corresponding period of last year. The significant increase in turnover was attributable to the encouraging performance of luxury good division that a profit of HK$113.0 million was resulted for the year ended 31 March 2010, as compared with a net loss of approximately HK$190.0 million for the last financial year.

At the year end date, the Group maintained a net cash position with cash at banks and in hand of approximately HK$174.7 million (2009: HK$71.6 million), short-term bank borrowings of approximately HK$17.7 million (2009: HK$13.4 million and other short-term borrowings of HK$20.0 million). The Group had sufficient financial resources and will continue to finance its business development by internal resources and short-term borrowings.

DIVIDEND

The Directors recommend the payment of a final dividend for the year ended 31 March 2010 of HK0.3 cent per share (2009: Nil), which together with the interim dividend of HK0.5 cent per share (2009: HK1.0 cent per share) make a total dividend of HK0.8 cent per share for the year end of 31 March 2010 (2009: HK1.0 cent per share). The total dividend amounted to approximately HK$21.5 million (2009: HK$17.9 million) for the year ended 31 March 2010. The final dividend is subject to approval by the shareholders at the annual general meeting to be held on 29 July 2010 and payable on 19 August 2010 if it is approved.

OPERATIONAL REVIEW

Automobile Distributorships

During the year, 178 Bentley automobiles, 33 Lamborghini automobiles and 27 Rolls-Royce automobiles were sold in Beijing since then and up to 31 March 2010.

Watch Distributorships

During the year, the Group has acquired the distributorships of DeWitt and Parmigiani and deLaCour watches. 57 pieces, 68 pieces, 31 pieces and 1 piece of watches of Richard Mille, DeWitt, Parmigiani and deLaCour were sold since then and up to 31 March 2010.

Jewellery Distributorships

During the year, the Group has acquired the distributorships of Boucheron and Buccellati of which 60 pieces of Boucheron jewelleries were sold.

Fine Wines Distributorship

The Group has acquired the distribution right of Bordeaux fine wines in December 2009. During the year, 22,158 bottles of fine wines including 420 bottles of Petrus were sold.

Comics and Animations Development

During the year, the Group published and sold 10 local Chinese comic books on a weekly or bi-weekly basis and approximately 20 Japanese comic books on a monthly basis. The Group also grants comic books licensing to overseas publishers to translate comic books into different languages.

Sub-contracting works on animations productions of around 100 episodes with around 3,000 minutes have been produced during the year.

Revenue generated from comics and animations segment decreased by 8.7% to approximately HK$139.1 million, the decrease was due to the sharp increase in the printing and paper costs during the year.

NUMBERS AND REMUNERATION OF EMPLOYEES

As at 31 March 2010, the Group has 610 (2009: 632) employees. Staff costs (including directors' emoluments) charged to the profit or loss amounted to approximately HK$67.7 million for the year (2009: HK$70.1 million). All permanent employees were under the remuneration policy of fixed monthly salary with discretionary bonus.

There has been no change to the terms of the share option scheme adopted by the Company on 7 October 2002. No new share options were granted during the current year. No share option was exercised during the year and there were no outstanding share options granted to directors, employees, consultants, advisors, customers, shareholders and business associates as at 31 March 2010 (2009: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 31 March 2010 were approximately HK$1,185.0 million (2009: HK$879.2 million) which were financed by the owners' equity and total liabilities of approximately HK$869.8 million (2009: HK$575.5 million) and HK$311.1 million (2009: HK$300.2 million) respectively.

The Directors consider the Group will have sufficient working capital for its operations and financial resources for financing future investment opportunities in suitable business ventures.

The Group had limited exposure to fluctuations in exchange rates and its borrowings, bank balances and cash were mainly denominated in Hong Kong dollars ("HK$") and Renminbi ("RMB").

CAPITAL STRUCTURE

During the year, convertible notes with principal amount of HK$198.0 million were converted into 900 million new ordinary shares of HK$0.002 each at conversion price of HK$0.22 per share.

The Group's gearing ratio then computed as total borrowings over the owners' equity was approximately 9.5% as at 31 March 2010 (2009: 37.7%).

EXPOSURE TO FOREIGN EXCHANGE

The revenue of the Group is mainly denominated in HK$ and RMB and the cost of production and purchase are mainly denominated in HK$ and RMB. The Group is not exposed to any other material foreign currency exchange risk.

CHARGES ON ASSETS

As at 31 March 2010, bank deposits of the Group with an aggregate amount of approximately HK$11.3 million (2009: HK$5.4 million) were pledged to secure general banking facilities granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS & PROSPECT

Financial Review

While many countries around the world experienced downturns stemmed from financial tsunami in year 2009, the PRC was relatively immune from it, with "feel good" sentiment spread throughout the country. High-end shoppers in China fuelled sales growth in 2009 as the global economy helped to forge a new class of wealthy consumers in the PRC. Statistics showed that not only the number of wealthy people has been growing fast in the PRC, but that their willingness to spend on big-ticket items is also on the rise, driven by an appetite for status as well as the comfort and trappings of luxury products. This is reflected in the performance of our luxury goods division.

The Group is reporting strong profit growth in its annual earnings thanks to better-than-expected performance by the luxury goods business. As a result, the Board issued a positive profit alert on 13 April 2010 based on a preliminary assessment of the financial position of the Group. According to the assessment, the Group would record a significant improvement in profit in the second half of the financial year ending 31 March 2010, compared with a net profit of approximately HK$35.7 million reported in the interim result for the six months ending 30 September 2009. Therefore, the annual results of the Group for the financial year ended 31 March 2010 recorded a significant turnaround compared with a net loss of approximately HK$190.0 million in the previous financial year, due largely to the encouraging performance of the luxury goods division.

China's Luxury Goods Market

Research reports published by authorities, investment banks and global research houses have pointed towards a booming luxury goods market in China. According to the blue paper released by the Chinese Academy of Social Sciences in Beijing on China's commercial development from 2009 to 2010, China will become the world's biggest market for luxury goods in five years. China's luxury goods market is currently the world's second largest, just behind the United States. The market in China was valued at US$9.4 billion at the end of 2009, which accounts for 27.5% of the world's luxury goods market. It is forecasted to reach US$14.6 billion by the end of 2015, which would make it the largest in the World. (Source: "China to Be World's Biggest Luxury Goods Market in Five Years: Blue Paper", Ministry of Commerce of the People's Republic of China)

In addition, Boston Consulting Group released a study at the CEIBS 2nd Prestige Brands Forum 2010 held in Shanghai on 27 March 2010 with even more optimistic predictions about China's luxury goods market. It projects China's luxury spending to amount to RMB248 billion in 2015. (*Source:China Daily, "Half of luxury goods bought as presents").* According to the 2010 Hurun Wealth Report, China has a rapidly growing number of rich people. It said 875,000 people have personal wealth of more than RMB10 million, an increase of 6.1% from a year ago. Beijing is home to the highest number of China's rich with 151,000 millionaires, while Guangdong is second and Shanghai third. *(Source: 2010 Hurun Wealth Report, The Hurun Research Institute, 2010)*. All these figures are encouraging to the Group as it continues to tap into the massive luxury goods market in the PRC with substantial growth potential.

Automobile Distributorships

The Group is pleased to report higher revenues of ultra-luxury cars (Rolls-Royce, Bentley and Lamborghini) during this financial year. Bentley outperformed with a sales record of 178 units, representing an increase of 75% compared with 102 units from the previous financial year. Bentley Beijing is ranked 4th worldwide in 2009 (ranked 10th worldwide in 2008) among 148 global distributorships as announced in the 2010 Dealer Business Conference – China Region held on 3 March 2010 in Istanbul. Lamborghini recorded a 27% increase in total cars sold during this financial year from the previous financial year.

In contrast, Rolls-Royce sales were down by 13% in total cars sold during this financial year due to the 6-month remodeling process of trimming of The Rolls-Royce PHANTOM model to meet the criteria of the China's limousine licensing requirement.

The Group is pleased to report that it completed the transfer of the Rolls-Royce distributorship from our agent, Beijing Ying Shang Tong Trading Development Limited to Beijing De Te Motors Trading Limited in January 2010. Since the transfer, the Group is in a position to issue invoices for Rolls-Royce sales on its own and record such sales as revenues. Encouragingly, income from provision of after-sales services continued to sky-rocket during this financial year and became a high-growth income driver for the Group. Revenue recorded a threefold increase to HK$41 million compared with HK$11.3 million in the previous year.

The Board is pleased to report a profit guarantee of not less than HK$65 million by Mr. Qi Jian Hong, our single largest shareholder, for the year ended 31 December 2009 is again well-honored by the luxury car distributorships business.

Watch Distributorships

During the year, another super deluxe Swiss branded watch model was added to our watch portfolio. We have been appointed the exclusive global distributor of the BiTourbillon model of another top-notch Swiss watch, deLaCour, for a period of 10 years beginning on 1 January 2010. The Group is responsible for the marketing, distribution, pricing and sale of this niche Swiss watch model around the world, with particular focus on the PRC, Hong Kong, and Macau. BiTourbillon is the world's first dual differential tourbillion watch allowing both local and Greenwich Mean Time (GTM) to be read. BiTourbillon watches were conceived as a demonstration of watch making virtuosity and stringent quality, as well as process controls for the creation of each unique masterpiece.

During this financial year, pre-tax profit of watch division leapt four times compared with the previous financial year. We have recorded satisfactory sales of our newly acquired super brands, Parmigiani and deLaCour BiTourbillon, at end of 2009 and beginning of 2010 respectively. Our other super-branded watch DeWitt also outperformed and contributed around half of the sector's total income during this financial year with the sale of 57 watches. In April 2010, the world's biggest DeWitt flagship store located in Legendale Hotel, Wangfujing in Beijing was launched and is scheduled to be in full operation in mid-2010. In addition, the Richard Mille and DeWitt watch counters in Dalian have just been added to our retailing operations on 23 May 2010.

Jewellry Distributorships

In October 2009, the Group acquired Boucheron and commenced its distributorship operation at Plaza 66 in Shanghai, and has reported segmental revenue over HK$2 million. One Boucheron flagship store in Beijing and one complimentary store in Shanghai are currently under construction in full speed and expected to open in the second half of this year. These two stores will also add impetus to our sales of Boucheron products.

To honor our promise in our previous interim Report, the Group is actively seeking more top-tier branded jewelry to join our jewelry brand alliance. We are pleased to announce the addition of a renowned Italian brand "Federico Buccellati" in January 2010. The Group was appointed as the exclusive distributor of the brand in the PRC and is entitled to use the trademarks of "Federico Buccellati" and "Mastro Paragon Coppella", the intellectual property rights owned by Federico Buccellati. The term of this distributorship is for a period of five years and to be renewed for an additional three years thereafter. The Group will set up two to three Buccellati stores, including one flagship store in Beijing on or before 31 December 2011.

Fine Wines Distributorship

With the aim to becoming the leading luxury goods distributor in the PRC, the Group strives to diversify its product portfolio. Taking advantage of the rising popularity of red wines in the PRC, the Group has formed a cohesive partnership with GROUPE DUCLOT in December 2009 (renamed as DUCLOT EXPORT in January 2010), a renowned French fine wines group, to be an approved dealer of its fine wines, including Petrus which is regarded as the king of Bordeaux fine wines, in the PRC (excluding Hong Kong and Macau). The term of this cohesive partnership is for a period of two years and subject to renewal upon expiry. DUCLOT EXPORT will support us in the site selection of wine cellar and storage facilities as well as staff training, marketing and promotional activities and education of customers in the PRC towards Bordeaux fine wines. The partnership with DUCLOT EXPORT is strategically important for our business as it represents a major leap forward to kick-start our fine wines business and supports the expansion of our luxury brand empire in the PRC. We find it especially encouraging that the segmental revenue of the fine wines business reached approximately HK$40 million in three months since the start of the partnership in December 2009. The Group will invest in the construction of a cozy wine cellar and a shop at a prime location in Beijing in the third quarter of 2010. With these retailing establishment, we anticipate our fine wines business will gain further momentum in the future.

Comics and Animations Business

During the financial year, the Group's comics publication business generated a pre-tax profit of HK$14 million, including a one-off perpetual disposal in the amount of HK$15 million of certain intellectual property rights of the comics library while a loss of HK$4.6 million before tax relevant to the JDMM and its subsidiaries was recorded.

Based on the unsatisfactory performance of the JDMM and its subsidiaries between April 2007 and September 2009, as well as reasons mentioned in the Group's announcement dated 12 March 2010, the Group has conditionally agreed to sell and the purchaser has conditionally agreed to purchase the Sale Shares and the Sale Loan (the "Disposal") at an aggregate consideration of HK$67.0 million. The net sale proceeds of the Disposal, after deducting all related expenses, is expected to be approximately HK$66.5 million and are intended to be applied as the Group's general working capital and to fund the development of its luxury goods business. During the Special General Meeting on 20 April 2010, the ordinary resolution in relation to the Disposal was duly passed by Independent Shareholders by way of poll. The Disposal of the Group's animation business was then completed on 27 April 2010.

Following the release of these annual results, the Board will also be seriously considering the disposal of the comics publication business due to its unsatisfactory performance in this financial year. An invitation for tender to selective parties will be undertaken as soon as possible.

Looking Ahead

Looking ahead, the Group will move beyond its distributor role and establish its position as a brand manager. We will focus on nourishing and developing various brands in our portfolio by enhancing their image and awareness, so as to generate profit to our shareholders and boost our presence in luxury goods distributorships. With our pool of experience and expertise in the China market, we are confident the expansion plans for our various unique brands will enable us to become the industry leader in the foreseeable future.

Regarding the automobile dealerships, the Group is reasonably optimistic that the global position of our dealerships will further elevate in 2010.

As promised in my statement here during last financial year, the Group will strive to branch out and expand our luxury brands portfolio so as to sustain our pace of expansion in the long run.

Acknowledgement

We would like to thank our dedicated team, board members and staff members through the challenging and competitive global environment during the year. Nevertheless, given the positive outlook for the luxury goods market in the PRC as well as our vision, we are confident that we will generate profitable returns to our shareholders in the years to come.

Last but not least, we would like to welcome once again the second and third largest shareholders of our Group, Sequoia and Och-Ziff. Institutionalizing and broadening our shareholders' base is one of the main tasks that our Group will continue pursuing.

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

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

AFTER REPORT DATE EVENTS

(a) On 15 April 2010, the Company granted share options which are convertible into 154,528,000 ordinary shares of the Company of HK$0.002 each in the share capital of the Company under the share option scheme adopted by the Company on 7 October 2002.

(b) On 11 March 2010, the Group entered into a sale and purchase agreement with a company which is beneficially owned by Mr. Wong Chun Loong, a key management personnel of the Company and a relative of Mr. Tong Kai Lap, a director of the Company, to dispose of the entire shareholding in Jade Dynasty Multi-media Development Limited ("JDMM"), a wholly-owned subsidiary of the Company and the loans owned by JDMM and its subsidiaries to Jade Dynasty Holdings Limited, a wholly-owned subsidiary of the Company, in the aggregate consideration of HK$67 million. Details of this transaction were set out in the circular of the Company dated 31 March 2010. Pursuant to Special General Meeting held in 20 April 2010, the transaction was approved by the shareholders of the Company. The transaction has been completed on 27 April 2010.

(c) As at 24 May 2010, the paid-up capital of 北京美合振永汽車有限公司, a wholly-owned subsidiary of the Company, has been increased from RMB20,000,000 to RMB33,000,000.

(d) As at 8 June 2010, the paid-up capital of 北京耀萊新天地商業發展有限公司, a wholly-owned subsidiary of the Company, has been increased from RMB10,000,000 to RMB49,000,000.

(e) Subsequent to the reporting date, 滙德鼎豐投資顧問(北京)有限公司, a wholly-owned subsidiary of the Company has changed its name to 北京耀萊空中廣告傳媒有限公司.

CORPORATE GOVERNANCE

The Group is committed to maintaining a high standard of corporate governance. The board of Directors of the Company ("the Board") agrees that corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure that all practices can be met with legal and statutory requirements throughout the year of 2009/2010, the Group has complied with all applicable the Code Provisions in the Code on Corporate Governance Practices ("the Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company has been in compliance with the Code throughout the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 26 July 2010 (Monday) to 29 July 2010 (Thursday) (both days inclusive) during which period no transfer of Shares will be effective. In order to qualify for the proposed final dividend and the entitlement to attend and vote at the forthcoming annual general meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 23 July 2010 (Friday).

ANNUAL GENERAL MEETING

The 2010 Annual General Meeting of the Company will be held at 4:00 p.m. on 29 July 2010 at Dragon Room 3, The Hong Kong Bankers Club, 43/F Gloucester Tower, The Landmark, Central, Hong Kong and a notice of annual general meeting will be published and dispatched in the due course.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the Group's annual results for the year ended 31 March 2010.

Compliance with the Model Code for Securities Transaction by Directors of Listed Issuers

The Company has adopted of Model Code for Securities Transaction by Directors of Listed Company Issuers ("Model Code") Appendix 10 of the Listing Rules to govern securities transactions by the Directors. After having made specific enquiry to all Directors, all Directors confirmed that they complied with the Model Code during the year.

The annual report for the year ended 31 March 2010 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the website of the Stock Exchange in due course.

By Order of the Board
Tong Kai Lap
Chairman

Hong Kong, 17 June 2010

As at the date of this announcement, the Company has three executive Directors, one non-executive Director and three independent non-executive Directors. The executive Directors are Mr. Tong Kai Lap, Mr. Zheng Hao Jiang and Mr. Zhao Xiao Dong. The non-executive Director is Mr. Zhang Si Jian. The independent non-executive Directors are Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong and Mr. Lee Kang Bor, Thomas.

* *for identification purpose only*