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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8269

Annual 2013 Report

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

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

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

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This report, for which the directors (the “Directors”) of Wealth Glory Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and (2) there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

BOARD OF DIRECTORS

Executive Directors

Ms. Lee Yau Lin, Jenny *(Chairman)*
Mr. Wong Wing Fat *(Chief Executive Officer)*
Mr. Wong Ka Wah, Albert

Independent Non-executive Directors

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

COMPANY SECRETARY

Mr. Wong Chun

COMPLIANCE ADVISOR

Messis Capital Limited

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

17/F., No. 8 Wyndham Street,
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House,
24 Shedden Road, George Town,
Grand Cayman KY1-1111,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

RSM Nelson Wheeler, Certified Public Accountants

PRINCIPAL BANKERS

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

LISTING INFORMATION

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

COMPANY WEBSITE

www.lmfnoodle.com

Chairman's Statement

Dear Shareholders

This is a difficult year for us. The downturn in global economy and more stringent domestic measures on food quality control had weakened the confidence and demand of the overseas customers. This had caused the decreasing demand in orders. The escalating costs in raw materials and direct labours had eliminated the possibility of a price-cut strategy to maintain the sales level with overseas customers and in fact the Group had difficulties to fully transfer all the increased costs to the customers, which also had exerted pressure on the Group's profit margin and performance. During the year ended 31 March 2013, the Group had incurred a loss of approximately HK$13.9 million. The unfavourable conditions had turned the Group's profit of approximately HK$7.7 million in the previous year of 2012 into current year's loss making. The Board does not recommend the payment of the final dividend in respect of the year ended 31 March 2013 as the Board decided to maintain adequate cash reserve for its existing and future business development.

To cope with the unstable macro-economic environment and improve the Group's performance, the Board has fine-tuned and slightly rescheduled its future plan of its existing noodles business. Contrary to most western and developing countries, China is still sustaining admirable growth rates both on its GDP and domestic consumption, and accordingly, more resources would be reallocated in the development of the PRC domestic market for its noodle business rather than the overseas markets in the coming year. Moreover, during the year under review, the Group started to diversify its existing business into the mineral business through acquisition of 33.3% equity interest in the coal trading business. A proposed acquisition in the iron trading business is also underway and further details will be disclosed to shareholders and investors in due course. We believe that the continued development and urbanization of the PRC would continually create increasing demand of mineral resources and form the key driver for the Group's business development in its mineral trading business.

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

Lee Yau Lin, Jenny
Chairman

Hong Kong, 24 June 2013

BUSINESS REVIEW

The Group is principally engaged in (i) the supply and sale of dried noodles including bowl noodles and packed noodles; (ii) the manufacture and sale of fresh noodles, including but not limited to hefen, wonton noodles and yi mein; and (iii) investment holding in coal trading business. During the year, the Group's dried noodles were mainly sold to overseas food wholesalers engaged in trading and distribution of food products outside the PRC and the Group's fresh noodles were mainly sold to restaurants, hotels and cafes nearby our Group's production base in Shanghai, the PRC. After completion of acquisition of coal trading business in September 2012, the Group had started to engage in coal trading business through its associate in which the Group was interested in its 33.3% equity.

During the year under review, the Group's performance had been significantly affected by (i) the downturn in the global economy and the implementation of more stringent domestic measures on food quality control that had weakened the confidence and demand of the overseas customers; (ii) the escalating costs in raw materials and direct labours which the Group had difficulties to fully transfer all the increased costs to the customers; (iii) the initial set-up costs and expenses incurred by the Group for its expansion into the mineral trading business; and (iv) the deferment of the expected profit contribution from the coal trading business carried out by its associate. These all together affected the financial performance of the Group in the past year.

Due to persistent uncertainty of the global economy and weakening demand from overseas customers, in the coming year, the Group would allocate more resources to develop the domestic noodle sales in the PRC, which, contrary to most western and developing countries, is still sustaining admirable growth rates both on its GDP and domestic consumption. Sales to overseas customers would be kept at a minimal level unless a higher profit margin is achieved through a higher selling price that is accepted by overseas customers.

During the year under review, the Group also started to diversify its business into the mineral business through acquisition of 33.3% equity interest in the coal trading business in September 2012. The acquired associate, Royal Dragon Corporation Limited ("Royal Dragon"), has already commenced trading of coal products in Xining, Qinghai Province, the PRC since October 2012 though the revenue generated by Royal Dragon up to 31 March 2013 was significantly lower than the revenue as originally expected due to the administrative impediment in the tax reporting procedures of the trade raised by the local tax bureaus. Despite it is legally feasible to conduct coal trading business by Royal Dragon in Xining, Qinghai Province under the coal trading license of Zhanjiang Company located in the Guangdong Province as disclosed in the Company's circular dated 18 July 2012, Royal Dragon, when commenced its operation, has taken months to liaise with and explain to the tax bureau of Zhanjiang in relation to the issuance of tax invoice in connection with each coal trade under its authority as it was its view that Xining tax bureau should be the authority to assess the tax matters, including the issuance of tax invoice of the trade that had been physically carried out in Xining.

Such administrative delay has significantly slowed down the trade cycle of Royal Dragon and unduly lengthened the receipt process of sales proceeds of the trade due to the prolonged delay in issuing the tax invoice. In order to resolve such delay, the management of Royal Dragon has decided to establish a wholly-foreign owned enterprise to obtain its own coal trading license in Qinghai Province, the PRC instead. It is expected that the obtaining of the coal operation certificate would be completed in or about the third quarter of 2013.

Upon obtainment of the coal operation certificate by its owned subsidiary in Qinghai Province, it is expected that Royal Dragon would resume its full operation as planned with a stable profit contribution through a share of the profit of its associate by the Group.

In addition, the Group is also identifying further investment opportunity to diversify its existing business into the mineral trading business through the proposed acquisition of 100% equity interest of an iron trading business. The acquisition represents a good opportunity for the Group to further develop its mineral trading business and the Group would be able to benefit from the revenue stream and the profit contribution upon completion of the acquisition.

The followings are a summary for the significant business development of the Group for the year:

On 25 May 2012, Silver Summit Investments Limited ("Silver Summit"), a wholly owned subsidiary of the Company entered into a conditional acquisition agreement with an independent third party, Intellect Hero Limited, pursuant to which the Group could diversify its existing businesses and tap into the coal trading business in the PRC by acquiring the 100% interest in Eminent Along Limited at a total consideration of HK$100 million. The Group would then indirectly hold 33.33% equity interests of the coal trading business as its associate. It was expected that the Group would be able to benefit from the positive prospects of the associate in light of the increasing demand of coal in the PRC, and to benefit from the potential investment returns and maximize the returns to the shareholders. The Company had also provided a facility of HK$5 million to the associate for financing its initial working capital. The acquisition and the facility were duly passed by shareholders at the Extraordinary General Meeting held on 3 August 2012 by way of poll and the acquisition was subsequently completed on 27 September 2012.

On 12 June 2012, the Company announced to propose to raise approximately HK$51 million through a placing of 300,000,000 shares on a best effort basis by the placing agent at the price of HK$0.17 per share and net proceeds receivable by the Company under the placing were estimated to be approximately HK$49.6 million after deducting relevant expenses incurred. The placing was subsequently completed on 27 September 2012 with an aggregate of 247,448,000 shares at HK$0.17 per placing share. The net proceeds from the placing were approximately HK$40.8 million, which were applied towards part of the acquisition of the coal trading business.

On 19 September 2012, the Company announced to propose to raise approximately HK$8.0 million through a top-up placing of 42,400,000 shares on a best effort basis by the placing agent at the price of HK$0.189 per share and net proceeds receivable by the Company under the placing were estimated to be approximately HK$7.8 million after deducting relevant expenses incurred. The top-up placing of shares was subsequently completed on 21 September 2012 with an aggregate of 42,400,000 shares at HK$0.189 per placing share. The net proceeds from the top-up placing were approximately HK$7.9 million, which were applied towards part of the acquisition of the coal trading business.

On 12 December 2012, the Company entered into a subscription agreement pursuant to which 47,000,000 shares at a subscription price of HK$0.17 per share would be allotted and issued. The conditions under the subscription agreement had been fulfilled and completion of the subscription took place on 21 December 2012. Net proceeds of approximately HK$8.0 million would be applied as general working capital of the Group.

On 12 December 2012, the Company entered into a placing agreement with the placing agent pursuant to which the placing agent agreed to procure, on a best effort basis, not less than six placees to subscribe for the convertible bonds. The bondholders would be entitled to convert up to 150,000,000 shares at a conversion price of HK$0.20 per conversation share with an aggregate principal amount up to HK$30 million. The maximum net proceeds from the full exercise of the bonds were estimated to be approximately HK$29.4 million, which would be used to fund the acquisition of equity interests in potential business in the future. The placing was duly passed by shareholders at the Extraordinary General Meeting held on 8 February 2013 but lapsed on 5 April 2013 as the conditions in placing agreement were not fulfilled.

On 6 February 2013, Silver Summit entered into a conditional sale and purchase agreement pursuant to which Silver Summit would acquire 100% equity interest in Digital Rainbow Holdings Limited ("Digital Rainbow") for an aggregate consideration of HK$156,250,000. On 3 May 2013, the Company and the placing agent entered into a placing agreement, pursuant to which the placing agent conditionally agreed, on a best effort basis, to procure one or more placees to purchase up to 250,000,000 shares at a placing price which would be higher of HK$0.20 per share or the price per share which represented 30% discount of the average closing price per share for five trading days immediately prior to the price determinations date.

On 3 May 2013, the Company and the placing agent also entered into a bond placing agreement, pursuant to which the placing agent has conditionally agreed, on a best effort basis, to place to one or more bond placees to subscribe for the bonds of up to an aggregate principal amount of HK$80 million. Warrants would be issued (for no additional payment) to the first registered holder of the bonds on the basis of 1,625,000 warrants for every whole multiple of HK$1,000,000 in the principal amount of the bonds taken up, with an exercise price of HK$0.24 per share. The warrants were detachable from the bonds. While the bonds were non-transferrable, the warrants could be transferred individually and separately from the bonds. The bonds were secured by the corporate guarantee of the Group's subsidiary and shares of certain shareholders of the Company.

The aggregate net proceeds from the share placing and the bond placing would be in an approximate amount not exceeding HK$124.3 million and it is intended it would be applied as to (i) HK$108.0 million to settle the cash portion of the consideration of the proposed acquisition of the iron trading business; (ii) approximately HK$2.0 million to settle the professional fees for the proposed acquisition; and (iii) the remaining balance of not more than HK$14.3 million to be used as the future working capital of the Group. Further details of the acquisition and the share placing and the bond placing can be referred to the announcements dated 6 February 2013, 6 March 2013, 28 March 2013, 5 April 2013, 30 April 2013, 3 May 2013 and 31 May 2013 and a circular containing furthers details to be despatched to shareholders in due course.

FINANCIAL REVIEW

For the year ended 31 March 2013, the turnover of the Group was decreased to approximately HK$48.3 million (31 March 2012: approximately HK$104.4 million), representing a decrease by approximately 53.8% when compared with the corresponding year of 2012. This decrease in turnover was mainly attributed to decrease in orders from overseas customers due to unpredictable global economic conditions and the weakening of the customer confidence and demand. In terms of geographical segments, South East Asia, Australia and PRC were still our major markets, which represented approximately 30.7%, 17.9% and 16.4% of the Group's turnover.

Management Discussion and Analysis

The gross profit margin of the Group for the year ended 31 March 2013 was dropped to approximately 16.5% (31 March 2012: approximately 24.5%) and the gross profit was dropped to approximately HK$7.9 million (31 March 2012: approximately HK$25.6 million), representing a decrease by approximately 69.0% compared to the corresponding year of 2012. The decrease in gross profit margin was mainly attributed to the escalating costs in raw materials and direct labours which could not be fully transferred to the customers.

The Group's selling expenses for the year ended 31 March 2013 was decreased by approximately 53.0% to approximately HK$1.6 million compared to approximately HK$3.3 million for the corresponding year of 2012. The decrease was mainly attributed to the savings in sales activities that were considered in line with the decrease in turnover.

The Group's administrative expenses for the year ended 31 March 2013 were decreased by approximately 12.3% to approximately HK$12.7 million compared to approximately HK$14.5 million for the corresponding year of 2012. During the year ended 31 March 2013, the Group incurred initial set-up and supportive costs for its expansion into the mineral trading business, which had offset the savings in other administrative expenses when compared to the corresponding year of 2012.

The Group's other operating expenses for the year ended 31 March 2013 were significantly increased to approximately HK$8.4 million compared to approximately HK$0.6 million for the corresponding year of 2012. The increase was mainly attributed to increase in legal, professional and consultancy fees in relation to the acquisition and set-up costs for further expansion of the Group to diversify its mineral business stream during the year.

The Group's loss attributable to shareholders for the year ended 31 March 2013 was approximately HK$13.9 million compared to a profit attributable to shareholders of approximately HK$7.7 million for the corresponding year of 2012. The loss incurred by the Group can be summarised as mainly attributable to approximately 53.8% decrease in turnover, approximately 8.0% decrease in the Group's overall gross profit margin and approximately HK$7.8 million increase in other operating expenses, though there was an approximately HK$3.6 million savings in selling and administrative expenses.

Liquidity, financial resources and capital structure

	2013 HK$'000 (approx.)	2012 HK$'000 (approx.)
Current assets	**41,570**	105,071
Current liabilities	**4,542**	10,459
Current ratio	**9.2**	10.0

The current ratio of the Group as at 31 March 2013 was 9.2 times which was maintained at a steady level as compared with 10.0 times as at 31 March 2012.

As at 31 March 2013, the Group had bank and cash balances of approximately HK$31.5 million (2012: approximately HK$86.7 million) and had no external borrowings.

As at 31 March 2013, the Group's gearing ratio represented by the total liabilities as a percentage of the Group's total assets amounted to approximately 3.0% (2012: approximately 9.1%). The decrease in the gearing ratio was mainly attributable to the enlarged asset base from the equity funding during the year.

The Group maintained a strong financial position throughout the year. The Group financed its operations and business development through its retained profits and equity funding during the year under review.

On 12 June 2012, the Company announced to propose to raise approximately HK$51 million through a placing of 300,000,000 shares on a best effort basis by the placing agent at the price of HK$0.17 per share. The placing was subsequently completed on 27 September 2012 with an aggregate of 247,448,000 shares at HK$0.17 per placing share. The net proceeds from the placing were approximately HK$40.8 million, which were applied towards part of the acquisition of the coal trading business.

On 19 September 2012, the Company announced to propose to raise approximately HK$8.0 million through a top-up placing of 42,400,000 shares on a best effort basis by the placing agent at the price of HK$0.189 per share. The top-up placing of shares was subsequently completed on 21 September 2012 with an aggregate of 42,400,000 shares at HK$0.189 per placing share. The net proceeds from the top-up placing were approximately HK$7.9 million, which were applied towards part of the acquisition of the coal trading business.

On 12 December 2012, the Company entered into a subscription agreement pursuant to which 47,000,000 shares at a subscription price of HK$0.17 per share would be allotted and issued. The subscription took place on 21 December 2012 and the net proceeds of approximately HK$8.0 million would be applied as general working capital of the Group.

Contingent liabilities and pledge of assets

As at 31 March 2013, the Group and the Company had no significant contingent liabilities and no charges on its assets (2012: Nil).

Significant investments

As at 31 March 2013, the Group had an investment in an associate with a carrying value of approximately HK$100,274,000 (2012: Nil).

Contracted and lease commitments

Particulars of the contracted and lease commitments of the Group are set out in notes 28 and 29 to the financial statements respectively. Save for the above commitment, as at 31 March 2013 and 2012, neither the Group nor the Company had any other significant commitments.

Future plans for material investments and capital assets

Save as disclosed in the note 31 to the financial statements in relation to the proposed acquisition of Digital Rainbow Holdings Limited at a consideration of HK$156,250,000, the Group did not have other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

Save as disclosed in the note 15 to the financial statements in relation to the acquisition of 33.3% equity interests of Royal Dragon Corporation Limited on 27 September 2012 at a consideration of HK$100,000,000, the Group did not have other material acquisitions and disposals of subsidiaries and affiliated companies.

Foreign currency exposure

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Treasury policies

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2013, the Group had 76 (2012: 74) employees, including the Directors. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. The Group also participates in a retirement benefit scheme for its staff in the PRC and a defined statutory mandatory provident fund scheme to its employees in Hong Kong. The Group has adopted a share option scheme of which the Board may, at its discretion, grant options to eligible participants of the share option scheme. As at the date of this report, a total of 43,200,000 share options remain unexercised.

OUTLOOK

Going forward in next year, the Group would carry out its business plan with certain fine tunings as necessary as set out in the prospectus of the Company dated 30 September 2010 for existing fresh and dried noodle business by (i) improving its operation mode with its newly installed production lines so as to uplifting its production capacity and efficiency to cater for the demand in the PRC domestic market; (ii) exploring business opportunities in existing and new markets, enhancing the Group's corporate profile and re-evaluating the effectiveness of setting up new overseas sale offices; (iii) carrying out marketing and brand building activities through strengthening communication channels with customers, participating in tradeshows and marketing campaigns, product advertisements and regularly updating marketing materials such as poster brochures and leaflets and product information in its website so as to expand its customer base and hence the sales in the PRC domestic market; and (iv) strengthening product development by improving the taste, ingredient, quality, appearance and packaging of the Group's existing and new products to cater for customer appetites in the PRC domestic market.

In addition to the acquisition of the coal trading business in September 2012, the Group is also identifying further investment opportunity to diversify its existing business through acquisition of 100% equity interest in an iron trading business. Currently, contrary to most western and developing countries, China is still sustaining admirable growth rates both on its GDP and domestic consumption. The continued development and urbanization of the PRC would continually create increasing demand of mineral resources and form the key driver for the Group's business development in its mineral trading business. The proposed acquisition represents a good opportunity for the Group to further develop its mineral trading business and the Group would be able to benefit from the revenue stream and the profit contribution upon completion of the acquisition.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as stated in the Company's Prospectus with the Group's actual business progress for the period from the latest practicable date (as defined in the Prospectus) to 31 March 2013 is set out below:

	Business objectives	**Actual operation progress up to 31 March 2013**
Expansion of production capacity	All newly production lines commence production	All production lines were slightly fine-tuned and commenced production of dried and fresh noodles
	Improve the operation mode based on previous evaluation	The operation mode was continuously improved to cater for the demand in the PRC domestic market
Expansion of overseas markets	Strengthen the communication channels with existing customers	Regular email contacts were maintained by the sales team. The directors have also arranged meetings with existing and potential customers
	Expand the customer base by further exploring business opportunities with potential customers in existing markets and new market based on the information gathered from Hong Kong Trade and Development Centre, the internet and business trip	Several business trips to visit potential customers in overseas markets such as England, Singapore and New Zealand were arranged throughout the year
	Enhance our Group's corporate profile and participate in tradeshows	Samples for existing and new products were regularly sent to potential customers to uplift corporate profile

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

	Business objectives	Actual operation progress up to 31 March 2013
	Evaluate the performance of the new overseas sale office	The directors were re-evaluating the effectiveness of setting up new overseas sales offices
Marketing and brand building in the PRC	Strengthen the communication channels with existing customers	Regular emails, telephone contacts and visits were arranged to strengthen the communication channels with existing and potential customers in the PRC
	Expand the customer base by further exploring business opportunities with potential customers in existing markets	Several trips to visit new customers in the PRC such as Beijing, Tianjin, Chengdo, Chongqing and Guangzhou were arranged to explore potential customers in existing markets
	Evaluate and update our Group's website	The Group's website was regularly updated with the latest product information and latest news regarding the Group's business development
	Enhance our Group's corporate profile, participate in more new tradeshows and organize some marketing campaigns including free testing events in supermarkets and shopping malls and sport sponsorship events	Campaigns including free tasting events in supermarkets and shopping malls were held and several tradeshows were participated to enhance corporate profile
Product development	Evaluate the taste, ingredient, and appearance and packaging of our Group's existing products	The taste, ingredient, and appearance and packaging of our existing products were regularly evaluated and modulated
	Study the customer appetites in PRC and overseas markets with assistance from the sales and marketing team	Studies on the customer appetites in PRC market were carried out and reviewed regularly
	Launch trial products such as improved/new taste, ingredient and appearance to customers and review customers' demand and preference	New taste and ingredient products were sent to existing and new customers for trial and modified based on customers' appetites

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

Business objectives	Actual operation progress up to 31 March 2013
Introduce not less than 10 new products to the market and continuously improve the quality of existing products	10 new products were developed to the market and the Group kept improving the quality and taste of existing products
Update the regulatory requirements in PRC regarding the quality of noodle products and improve accordingly if there is any amendment	The quality of noodle products were regularly evaluated and modulated to comply with food quality measurements in the PRC

USE OF PROCEEDS

The business objectives and planned use of proceeds as stated in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied in accordance with the actual development of the market. During the period from the listing date on 14 October 2010 (the "Listing Date") to 31 March 2013, the net proceeds from the listing of the Company had been applied as follows:

Date of fund raising activity	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds and the intended use of any amount not yet utilised
14 October 2010	Initial public offering by way of placing	Approximately HK$19.8 million	(i) approximately 48.0% of the net proceeds, or approximately HK$9.5 million, for the expansion of the Group's production capacity of dried noodles;	(i) approximately HK$8.2 million was used for the expansion and improving of production capacity and efficiency and the remaining will be utilized as intended;
			(ii) approximately 15.2% of the net proceeds, or approximately HK$3.0 million, for the expansion of the overseas markets;	(ii) approximately HK$1.4 million was used for the expansion of the overseas markets and the remaining will be utilized when necessary;

USE OF PROCEEDS (CONT'D)

Date of fund raising activity	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds and the intended use of any amount not yet utilised
			(iii) approximately 20.2% of the net proceeds, or approximately HK$4.0 million, for marketing and brand building in the PRC;	(iii) partially used as intended, approximately HK$1.4 million has been used for the marketing and promotion activities and the remaining will be utilized as intended;
			(iv) approximately 10.1% of the net proceeds, or approximately HK$2.0 million, for product development; and	(iv) partially used as intended, approximately HK$1.4 million has been used for the development of new products and the remaining will be utilized as intended;
			(v) approximately 6.5% of the net proceeds, or approximately HK$1.3 million for working capital of the Group.	(v) used as intended.

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

EXECUTIVE DIRECTORS

Ms. Lee Yau Lin, Jenny, aged 58, was appointed as an Executive Director in September 2010 and is the Chairman of the Board. She is a co-founder of the Group and is responsible for managing the daily operation of the Group's subsidiaries and overseeing customer servicing and administration functions. Ms. Lee has over 21 years of experience in sales and marketing in various industries.

Mr. Wong Wing Fat, aged 54, was appointed as an Executive Director and Chief Executive Officer in September 2010. As a co-founder of the Group, Mr. Wong is mainly responsible for formulating the Group's business strategies, supervising and managing the Group's business development and operation in its noodle business. He obtained a Certificate in Professional Cookery in Hong Kong & Kowloon Restaurant & Cafe Workers General Union Vocational (Day Evening) School. Mr. Wong has over 31 years of experience in the noodle industries in Hong Kong and overseas.

Mr. Wong Ka Wah, Albert, aged 38, was appointed as an Executive Director in August 2012. He is graduated from the Australian National University with a Bachelor degree of Commerce and is a specialist in corporate strategy and business engineering with extensive experience in the industries of fund management, asset management, private equity, and wealth management. Prior to joining the Company, Mr. Wong held senior positions in various institutions as well as collective investment vehicles. Mr. Wong is mainly responsible for formulating the Group's business strategies, supervising and managing the Group's business development and operation in its mineral trading business.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Wai Hung, aged 55, was appointed as an Independent Non-executive Director in September 2010. Mr. Ho obtained a Non-UK Intermediate Certificate in Food Safety in The Royal Institute of Public Health in Dubai, an Intermediate Certificate in Hazard Analysis in Chartered Institute of Environmental Health in United Kingdom, and a Certificate in Food Hygiene and Safety in The Royal Institute of Public Health and Hygiene in United Kingdom. He has been the chief operation manager of Royal China Group (Shanghai) since 2003 and is primarily responsible for formulating and implementing business strategy to exploit new markets. He also has experience in the London's catering industry as a senior sous chef to supervise the operation of restaurants and monitor its compliance with HACCP requirements.

Ms. Cheung Kin, Jacqueline, aged 40, was appointed as an Independent Non-executive Director in September 2010. She obtained a Bachelor's Degree in Business and a Master's Degree in Business Administration (Executive) from Australia. Ms. Cheung is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and the CPA Australia. She has over 11 years of working experience in accounting and auditing. Ms. Cheung is currently a financial controller of one of the largest private corporation in the sports and leisure industry in Asia responsible for managing the accounting, finance and company secretarial team in Hong Kong.

Ms. Mak Yun Chu, aged 55, was appointed as an Independent Non-executive Director in September 2010. Ms. Mak obtained an Endorsement Certificate in Accountancy in Hong Kong Polytechnic University. Ms. Mak is a fellow of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. She has over 11 years of working experience in accounting and administration. Ms. Mak is also an independent non-executive director of Heng Tai Consumables Group Limited (stock code: 197), a company listed on the Main Board of the Stock Exchange of Hong Kong Limited.

SENIOR MANAGEMENT

Mr. Wong Chun, aged 40, is the company secretary and financial controller of the Company and is responsible for the Group's financial planning and management, company secretarial and corporate governance matters. He joined the Group in January 2010. He is a member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He has over 16 years of experience in auditing and accounting field. Prior to joining the Group, Mr. Wong had also been a financial controller responsible for supervising, managing the financial operations of a company engaged in trading of fresh food products and provision of logistic services.

The Directors have pleasure in presenting their report and the audited financial statements of the Group for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

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

RESULTS AND FINANCIAL POSITION

The Group's results for the year are set out in the consolidated income statement on page 39.

The state of affairs of the Group at 31 March 2013 are set out in the consolidated statement of financial position on page 41.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 22 to the financial statements.

RESERVES

The movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity of this annual report on page 42.

DIVIDENDS

The Board does not recommend the payment of the final dividend in respect of the year ended 31 March 2013 (2012: Nil).

FIXED ASSETS

Details of movements in the fixed assets of the Group are set out in note 14 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2013, the Company's reserves available for distribution to shareholders comprising share premium account and retained earnings amounted to approximately HK$116,613,000 (2012: HK$92,191,000). Under the Companies Law of the Cayman Islands, the share premium account of the Company of approximately HK$112,660,000 as at 31 March 2013 is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

DIRECTORS

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

Executive Directors

Ms. Lee Yau Lin, Jenny *(Chairman)*
Mr. Wong Wing Fat *(Chief Executive Officer)*
Mr. Wong Ka Wah, Albert *(Appointed on 9 August 2012)*

Independent Non-executive Directors

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

In accordance with Article 84(1) of the Company's Articles of Association, Mr. Wong Wing Fat and Ms. Mak Yun Chu shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Biographical details of the Directors are set out on pages 14 to 15 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

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

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

DIRECTORS' INTERESTS IN SHARES

As at 31 March 2013, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO") as recorded in the register required to be kept by the Company under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) Aggregate long positions in shares

Name of Director	Capacity of interests	Number of shares held	Approximate percentage of the issued shares
Ms. Lee Yau Lin, Jenny ("Ms. Lee") (Note 1)	Interest in controlled corporation/Beneficial owner	310,880,000	31.11%
Mr. Wong Wing Fat ("Mr. Wong") (Note 2)	Interest in controlled corporation/Beneficial owner	39,840,000	3.99%
Mr. Ho Wai Hung (Note 3)	Beneficial owner	400,000	0.04%
Ms. Cheung Kin, Jacqueline (Note 3)	Beneficial owner	400,000	0.04%
Ms. Mak Yun Chu (Note 3)	Beneficial owner	400,000	0.04%

Notes:

1. Ms. Lee is the beneficial owner of 100% of the issued share capital of Conrich Investments Limited ("Conrich"). Ms. Lee is deemed to be interested in, and duplicated the interests of, the 306,880,000 shares held by Conrich under section 316(2) of the SFO. The remaining interests in 4,000,000 shares are share options granted by the Company to Ms. Lee on 11 July 2011.

2. Mr. Wong is the beneficial owner of 100% of the issued share capital of Fastray Investments Limited ("Fastray"). Mr. Wong is deemed to be interested in, and duplicated the interests of, the 35,840,000 shares held by Fastray under section 316(2) of the SFO. The remaining interests in 4,000,000 shares are share options granted by the Company to Mr. Wong on 11 July 2011.

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

Save as disclosed above, as at 31 March 2013, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2013, the interests or short positions of every person, other than a Director or chief executive of the Company, in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Aggregate long positions in shares

Name of shareholder	Capacity of interests	Number of shares held	Approximate percentage of the issued shares
Conrich (Note 1)	Beneficial Owner	306,880,000	30.71%
Mr. Leung Kai Tong, Tommy (Note 2)	Family Interest	310,880,000	31.11%

Notes:

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

2. Mr. Leung Kai Tong, Tommy is the spouse of Ms. Lee and is deemed to be interested in, and duplicated the interests of, all the shares Ms. Lee is interested under Section 316(1) of the SFO.

Save as disclosed above, as at 31 March 2013, no other person had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

Details of the Company's share option scheme are set out in note 25 to the financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURE

Share options are granted to the directors of the Company under the Scheme. Details of the Company's share option scheme are set out in note 25 to the financial statements.

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

MANAGEMENT CONTRACT

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

CONNECTED TRANSACTIONS

Save as disclosed in note 30 to the financial statements, the Directors are not aware of any connected transactions of the Group that shall be disclosed in this annual report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

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

PRE-EMPTIVE RIGHTS

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

PUBLIC FLOAT

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's five largest customers accounted for approximately 43.8% of the Group's revenue and the largest customer included therein accounted for approximately 11.6% of the Group's revenue.

During the year, the Group's five largest suppliers accounted for approximately 95.2% of the Group's purchases and the largest supplier included therein accounted for approximately 89.1% of the Group's purchases.

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

BANK LOANS AND OTHER BORROWINGS

The Group did not have any outstanding bank loans and other borrowings as at 31 March 2013 (2012: Nil).

INTEREST CAPITALISED

No interest was capitalised by the Group during the year.

RETIREMENT SCHEMES

Particulars of the retirement benefits schemes are set out in note 3(n)(ii) to the financial statements.

GROUP FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 77 of this annual report.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 32 to the financial statements.

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

Save for the placing of the Company's new shares as disclosed in note 22(c) to the financial statements, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Messis Capital Limited ("Messis"), the compliance adviser of the Company, neither Messis nor its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 March 2013. Pursuant to the agreement entered into between Messis and the Company, Messis received and will receive fees for acting as the compliance adviser of the Company.

CORPORATE GOVERNANCE

A report on the principal corporate governance practice adopted by the Company is set out in pages 23 to 36 of this annual report.

EVENT AFTER THE REPORTING PERIOD

Those events after the reporting period are set out in note 31 to the financial statements.

INDEPENDENT AUDITOR

The financial statements for the year ended 31 March 2013 have been audited by RSM Nelson Wheeler, the external auditor of the Company. A resolution for the re-appointment of RSM Nelson Wheeler as the independent auditor of the Company is to be proposed at the forthcoming annual general meeting.

REVIEW OF ANNUAL REPORT

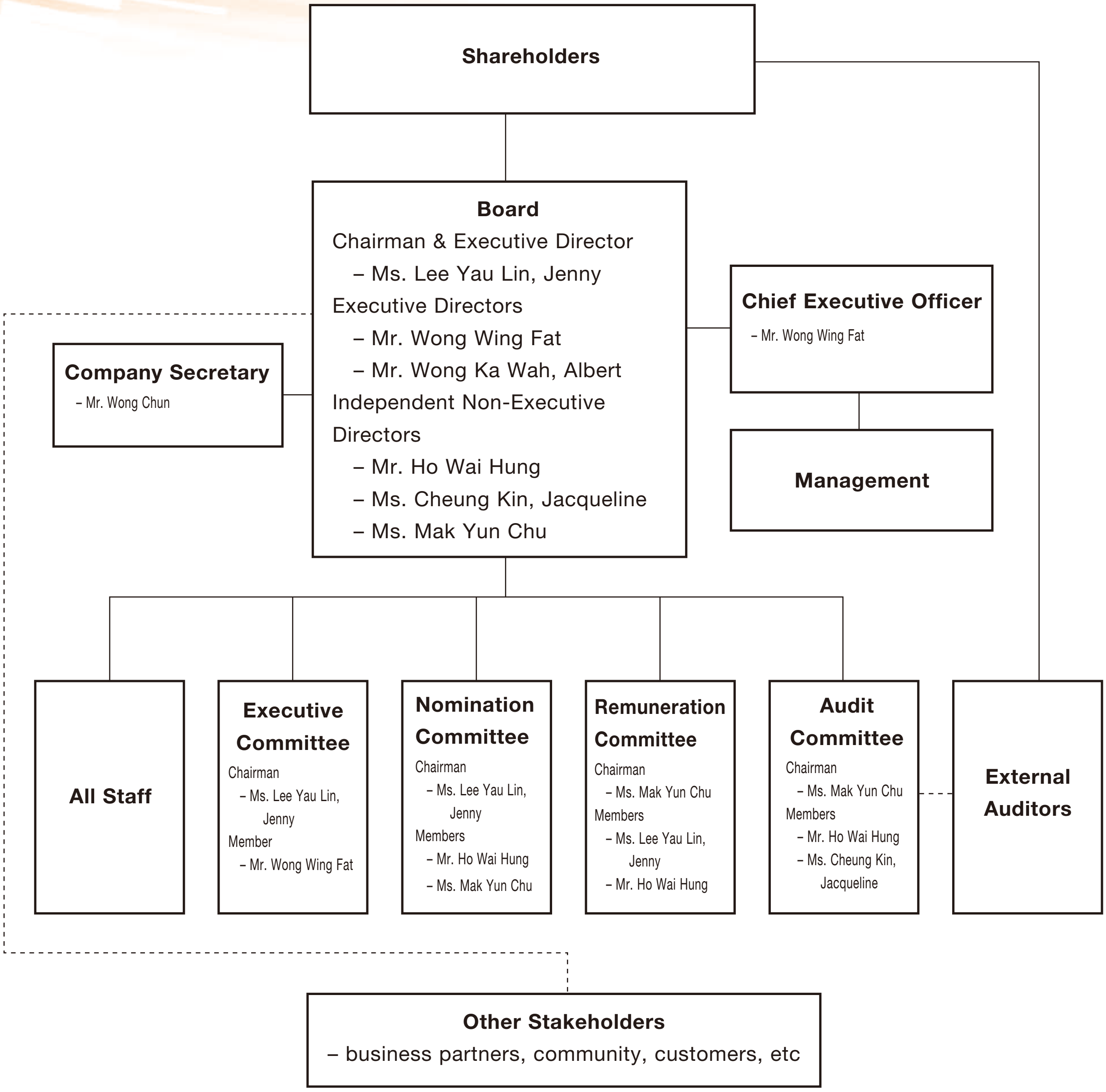
This annual report for the year ended 31 March 2013 has been reviewed by the Audit Committee of the Company, which was of the opinion that the information contained therein had complied with the disclosure requirements of the GEM Listing Rules, and that adequate disclosures had been made.

By order of the Board
Lee Yau Lin, Jenny
Chairman

Hong Kong, 24 June 2013

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 March 2013.

CORPORATE GOVERNANCE FRAMEWORK



CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to protect the interests of shareholders and enhance shareholder value.

The Company acknowledges the important role of its Board in providing effective leadership and direction to the Group's business, and ensuring accountability, transparency, fairness and integrity of the Company's operations.

Throughout the year ended 31 March 2013, the Company has complied with the code provisions (the "CG Code") set out in Corporate Governance Code and Corporate Governance Report set out in Appendix 15 to the GEM Listing Rules.

The Board will continue to monitor and review the corporate governance principle and practices to ensure compliance.

1. THE BOARD OF DIRECTORS

1.1 Responsibilities and Delegation

The Board is responsible for establishing policies, strategic direction, providing leadership in creating value and overseeing the Company's financial performance on behalf of the shareholders. The Board is also responsible for supervising the management of the Group and has delegated the responsibility for day-to-day operations and management of the Group's businesses to the management.

1.1.1 Matters Reserved by the Board

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

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

1.1.2 Division of Roles of the Board and the Management

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

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

1.2 Board Composition

As at 31 March 2013, the Board consists of the following directors:–

Executive Directors:
Ms. Lee Yau Lin, Jenny *(Chairman of the Board, the Executive Committee and the Nomination Committee)*
Mr. Wong Wing Fat *(Chief Executive Officer)*
Mr. Wong Ka Wah, Albert (Appointed on 9 August 2012)

Independent Non-executive Directors:
Mr. Ho Wai Hung
Ms. Cheung Kin, Jacqueline
Ms. Mak Yun Chu *(Chairman of the Audit Committee and the Remuneration Committee)*

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

The Board composition is regularly reviewed to ensure that it has a balance of skills and experience appropriate for the effective leadership of the Group. A balanced composition of Executive Directors and Independent Non-executive Directors is maintained to ensure independence and effective management.

The Company has complied with the requirements under Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules during the year. Rule 5.05A requires a listed issuer to appoint independent non-executive directors representing at least one-third of the Board. Rule 5.05(1) requires that every board of directors of a listed issuer must include at least three INEDs and Rule 5.05(2) requires that at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise. All INEDs also meet the guidelines for assessment of their independence set out in Rule 5.09 of the GEM Listing Rules.

1.2.1 Independency

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

1.2.2 Relationships

All Directors do not have any financial, business, family or other material/relevant relationships with each other, and in particular, none exist between the Chairman and the Chief Executive Officer.

1.3 Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are segregated and not performed by the same individual to avoid power being concentrated on any one individual.

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

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

1.4 Appointment and Re-Election of Directors

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

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

Pursuant to the aforesaid provisions of the Articles of Association, Mr. Wong Wing Fat and Ms. Mak Yun Chu shall retire at the forthcoming 2013 annual general meeting of the Company and, being eligible, will offer themselves for re-election at the meeting. The Company's circular for the coming annual general meeting will contain detailed information of all retiring Directors pursuant to the GEM Listing Rules.

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

1.5 Continuous Professional Development

Every newly appointed Director receives a comprehensive and formal induction upon his appointment to ensure that he has a proper understanding of operations and business of the Group and the statutory and regulatory obligations of a director of a listed company. The Group provides continuing briefings and professional development to refresh the Directors' knowledge and skills, and updates all Directors on the latest developments in relation to the GEM Listing Rules and other applicable regulatory requirements to ensure compliance as well as to enhance their awareness of good corporate practices.

The Directors understand the need to continue developing and refreshing their knowledge and skills for making contributions to the Company. The Company provides regular updates, changes and developments relating to the Group's business and the legislative and regulatory requirements to the Directors.

The Directors have complied with Code Provision A.6.5 of the CG Code on Directors' training. All Directors have participated in continuous professional development to develop and refresh their knowledge and skills and kept a record of training they received for the year ended 31 March 2013.

1.6 Board Meetings

1.6.1 Board Practices and Conduct of Meetings

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

The finalised agenda and accompanying Board papers are sent to all Directors at least 3 days prior to each Board meeting to provide them with materials relating to the transactions to be discussed in the meeting in order to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

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

The Company Secretary assists the Chairman in preparing the agenda for each Board meeting, keeping minutes of Board meeting and meetings of Board committees, and ensures that all applicable rules and regulations are complied. Draft Board minutes are circulated to all Directors for their respective comments as soon as possible after the meeting. The minutes of each Board meeting and Board committees meeting have been kept by the Company Secretary and are open for inspection at any given time on reasonable notice by any Directors.

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

1.6.2 Directors' Attendance Records

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

The attendance record of each Director at Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings and shareholders' general meetings during the year ended 31 March 2013 is set out in the following table:

Meetings held between 1 April 2012 and 31 March 2013

Directors	**Board Meetings** *(attendance/ total no. of meetings held)*	**Audit Committee Meetings** *(attendance/ total no. of meetings held)*	**Remuneration Committee Meetings** *(attendance/ total no. of meetings held)*	**Nomination Committee Meetings** *(attendance/ total no. of meetings held)*	**Shareholders' General Meetings** *(attendance/ total no. of meetings held)*
Executive Directors:					
Ms. Lee Yau Lin, Jenny	16/16	N/A	1/1	2/2	2/3
Mr. Wong Wing Fat	16/16	N/A	N/A	N/A	1/3
Mr. Wong Ka Wah, Albert*	12/12	N/A	N/A	N/A	2/2
Independent Non-executive Directors:					
Mr. Ho Wai Hung	16/16	4/4	1/1	2/2	1/3
Ms. Cheung Kin, Jacqueline	16/16	4/4	N/A	N/A	1/3
Ms. Mak Yun Chu	16/16	4/4	1/1	2/2	2/3

* Appointed on 9 August 2012

1.7 Directors' Securities Transactions

The Company has adopted its securities dealing code (the "Own Code") regarding Directors' dealings in the Company's securities by the Directors, senior personnel and certain employees of the Group (who are likely to be in possession of unpublished price sensitive information in relation to the Company or its securities) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"). Specific enquiry has been made of the Directors and all of them have confirmed that they have complied with the required standards set out in the Required Standard of Dealings and the Own Code throughout the year ended 31 March 2013.

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

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

2. BOARD COMMITTEES

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

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

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

The Board is responsible for performing the corporate governance duties set out in the CG Code which include (i) to develop and review the Company's policies and practices on corporate governance; (ii) to review and monitor the training and continuous professional development of the Directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors; and (v) to review the Company's compliance with the CG Code and disclosures in the CG report.

2.1 Executive Committee

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

2.2 Audit Committee

The Audit Committee comprises a total of three members, namely, Ms. Mak Yun Chu (Chairman), Mr. Ho Wai Hung and Ms. Cheung Kin, Jacqueline, all of whom are Independent Non-executive Directors. The written terms of reference of the Audit Committee which have been revised effective on 10 February 2012 to comply with the new requirements set out in the revised code provisions are posted on the websites of the Company and the Stock Exchange.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an INED) is an INED who possesses appropriate professional qualifications or accounting or related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

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

(i) review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditor before submission to the Board;

(ii) review the relationship with the external auditor by reference to the work performed by the external auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, reappointment and removal of external auditor; and

(iii) review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

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

– Reviewed and discussed of the interim, quarterly and annual financial statements, results announcements and reports for three months ended 30 June 2012, six months ended 30 September 2012, nine months ended 31 December 2012 and the year ended 31 March 2013, the related accounting principles and practices adopted by the Group and the relevant audit findings;

– Reviewed and discussed the internal control system of the Group; and

– Discussed and recommended of the re-appointment of external auditor.

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

2.3 Remuneration Committee

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

The written terms of reference of the Remuneration Committee which have been revised effective on 10 February 2012 to comply with the new requirements set out in the revised code provisions are posted on the websites of the Company and the Stock Exchange.

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

(i) make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and the establishment of a formal and transparent procedure for developing policy on such remuneration;

(ii) determine the remuneration packages of Executive Directors and senior management and make recommendation to the Board of the remuneration of non-executive Directors; and

(iii) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

Details of the remuneration of each Director of the Company for the year ended 31 March 2013 are set out in note 11 to the financial statements contained in this annual report.

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

– Reviewed and approved the current remuneration package of Executive Directors and senior management of the Group; and

– Recommended the packages of Independent Non-executive Directors.

2.4 Nomination Committee

The Nomination Committee comprises a total of three members, namely, Ms. Lee Yau Lin, Jenny (Chairman), Mr. Ho Wai Hung and Ms. Mak Yun Chu, the latter two of whom are Independent Non-executive Directors.

The written terms of reference of the Nomination Committee which have been revised effective on 10 February 2012 to comply with the new requirements set out in the revised code provisions are posted on the websites of the Company and the Stock Exchange.

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

(i) review the Board composition;

(ii) develop and formulate relevant procedures for the nomination and appointment of directors;

(iii) identify qualified individuals to become members of the Board;

(iv) monitor the appointment and succession planning of directors; and

(v) assess the independence of independent non-executive directors.

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

– Reviewed and discussed of the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;

– Assessed of the independence of the existing Independent Non-executive Directors; and

– Recommended on the re-appointment of retiring directors at the 2013 annual general meeting of the Company pursuant to the Articles of Association.

3. DIRECTORS' RESPONSIBILITIES

3.1 Under Statutes, Rules and Regulations

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

3.2 Annual Report and Accounts

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

3.3 Accounting Policies

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

3.4 Accounting Records

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

3.5 Safeguarding Assets

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

3.6 Going Concern

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

4. INTERNAL CONTROLS

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

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

5. EXTERNAL AUDITOR AND INDEPENDENT AUDITOR'S REMUNERATION

The statement of the external auditor of the Company on their reporting responsibilities for the Group's financial statements for the year ended 31 March 2013 is set out in the section headed "Independent Auditor's Report" in this annual report.

The audit committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year ended 31 March 2013, the Group was required to pay an aggregate of approximately HK$1,179,000 (2012: HK$732,000) for auditors' remuneration, of which HK$853,000 was for audit services and HK$326,000 for non-audit services.

6. COMPANY SECRETARY

Mr. Wong Chun, the Company Secretary, is accessible by all Directors for advice and services with a view of ensuring that Board procedures are followed. He assists the Chairman of the Board and its committees in preparing agendas for meetings and in preparing and disseminating Board papers to the Directors and Board Committee members in a timely and comprehensive manner. The Company Secretary is also directly responsible for the overall corporate governance and compliance with the continuing obligations of the Listing Rules, Companies Ordinance and the SFO, including timely dissemination of announcements and information relating to the Group to the market and ensuring that proper notification of Directors' dealings in securities of the Group is made. During the year ended 31 March 2013, Mr. Wong has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge. Mr Wong's qualification has been set out under the section "Directors and Senior Management Biographies".

7. COMPLIANCE OFFICER

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

8. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Insurance cover has been taken out for Directors' and Officers' Liability to provide adequate cover, as determined by the Board, in respect of the Board members and senior management members of the Company. The insurance coverage is reviewed on an annual basis.

9. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has adopted a shareholder communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal, and timely access to balanced and comprehensible information about the Company.

The Company has established a number of channels to communicate with the Shareholders as follows:

(i) corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.lmfnoodle.com;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) annual and special general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management; and

(v) the Company's branch share registrar in Hong Kong serves the Shareholders in respect of share registration, dividend payment and related matters.

The Company has arranged for the notice to shareholders for annual general meeting to be sent at least 20 business days before the meeting and to be sent at least 10 business days for all other general meetings. The Chairpersons of the Board and of the Audit Committee, Remuneration Committee and Nomination Committee, or in their absence, other members of the respective Committees, were invited to attend the annual general meeting to answer questions from Shareholders. External auditors were also invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. Separate resolutions were proposed by the chairman of general meetings in respect of each substantial issue, including the election of individual Directors. The poll results were posted on the websites of the Company and the Stock Exchange on the same business day of the general meeting.

During the year, there was no significant change in the Company's memorandum and articles of association. A copy of the latest consolidated version of the memorandum and articles of association of the Company is posted on the websites of the Company and the Stock Exchange.

Shareholders and investors may also write directly to the Company's principal place of business in Hong Kong at 17/F., No. 8 Wyndham Street, Central, Hong Kong or via email to info@wealthglory.com for any inquiries. Inquiries are dealt with in an informative and timely manner.

10. SHAREHOLDERS' RIGHTS

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

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

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "Requisitionists") (as the case may be) pursuant to Article 58 of the Articles of Association. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Article of convening an extraordinary general meeting. Shareholders may put forward proposals at general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

Independent Auditor's Report

TO THE SHAREHOLDERS OF
WEALTH GLORY HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Wealth Glory Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 76, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2013, and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty relating to investment in an associate and loan to an associate

Without qualifying our opinion, we draw attention to notes 15 and 18 to the financial statements. As at 31 March 2013, the investment in an associate, and loan to an associate, amounted to approximately HK$100,274,000 and HK$5,000,000 respectively. The associate has commenced trial run of trading of coal products in Xining, Qinghai Province, the People's Republic of China (the "PRC") under the coal trading license of its PRC co-operator (the "Zhanjiang Company") since the end of October 2012 and has generated revenue of approximately HK$3,039,000 up to 31 March 2013. Despite it is legally feasible to conduct coal trading business in Qinghai Province under the coal trading license of Zhanjiang Company, the associate, when commenced its operation, has taken months to liaise with and explain to the tax bureau of Zhanjiang, Guangdong Province, the PRC in relation to the issuance of tax invoice in connection with each coal trade. Such administrative delay has significantly slowed down the trade cycle of the associate. In order to resolve such delay, the management of the associate has decided to set up a wholly-foreign owned enterprise ("WFOE") and then to obtain a coal trading license in Qinghai Province instead. It is estimated that the application for the coal trading license in Qinghai Province will be completed in or about the third quarter of 2013 after the WFOE is set up in Xining. As of the approval date of these financial statements, the set up of WFOE is still in progress and the application for the coal trading license in Qinghai Province is yet to commence.

In the impairment assessment of the investment in an associate and loan to an associate, the recoverable amount is determined on the basis that the WFOE is set up and the application of the coal trading license is completed on the estimated time with no further obstacle or delay. If the set up of WFOE and the application of the coal trading license is unsuccessful, the Group might incur a significant amount of impairment loss on the investment in an associate and loan to an associate, which might have a significant effect on the consolidated financial statements of the Group. However, the directors are of the opinion that the aforesaid associate would be able to set up the WFOE and also to obtain the coal trading license, and they do not foresee any circumstances that would trigger their set up of WFOE and the application for the coal trading license unsuccessful.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

24 June 2013

Consolidated Income Statement

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Turnover	6	**48,292**	104,434
Cost of goods sold		**(40,344)**	(78,815)
Gross profit		**7,948**	25,619
Other income	7	**843**	491
Selling expenses		**(1,573)**	(3,345)
Administrative expenses		**(12,704)**	(14,485)
Other operating expenses		**(8,386)**	(552)
(Loss)/profit before tax		**(13,872)**	7,728
Income tax expense	9	**–**	–
(Loss)/profit for the year	10	**(13,872)**	7,728
Attributable to:			
Owners of the Company		**(13,872)**	7,728
(Loss)/earnings per share	13		
Basic		**(HK1.7 cents)**	HK1.2 cents
Diluted		**N/A**	N/A

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
(Loss)/profit for the year	**(13,872)**	7,728
Other comprehensive income for the year, net of tax:		
Exchange differences on translating foreign operations	**82**	226
Total comprehensive income for the year	**(13,790)**	7,954
Attributable to:		
Owners of the Company	**(13,790)**	7,954

Consolidated Statement of Financial Position

At 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Fixed assets	14	**10,355**	10,167
Investment in an associate	15	**100,274**	–
		110,629	10,167
Current assets			
Inventories	16	**655**	686
Trade receivables	17	**1,366**	17,187
Prepayments, deposits and other receivables		**3,034**	522
Loan to an associate	18	**5,000**	–
Bank and cash balances	19	**31,515**	86,676
		41,570	105,071
Current liabilities			
Trade payables	20	**1,090**	8,162
Accruals and other payables		**3,452**	2,297
		4,542	10,459
Net current assets		**37,028**	94,612
Total assets less current liabilities		**147,657**	104,779
Non-current liabilities			
Deferred tax liabilities	21	**3**	3
NET ASSETS		**147,654**	104,776
Capital and reserves			
Share capital	22	**9,992**	6,624
Reserves	24	**137,639**	98,152
Equity attributable to owners of the Company		**147,631**	104,776
Non-controlling interests		**23**	–
TOTAL EQUITY		**147,654**	104,776

Approved by the Board of Directors on 24 June 2013

Lee Yau Lin, Jenny
Director

Wong Ka Wah, Albert
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

		Attributable to owners of the Company										
	Note	Share capital	Share premium (Note 24(c)(i))	Merger reserve (Note 24(c)(ii))	Share-based payment reserve (Note 24(c)(iv))	Foreign currency translation reserve (Note 24(c)(v))	Legal reserve (Note 24(c)(vi))	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2011		5,520	20,092	(4,246)	–	(691)	485	31,135	9,936	62,231	–	62,231
Issue of shares on placement	22(b)	1,104	39,744	–	–	–	–	–	–	40,848	–	40,848
Share issue expenses		–	(453)	–	–	–	–	–	–	(453)	–	(453)
Share-based payments		–	–	–	4,132	–	–	–	–	4,132	–	4,132
Total comprehensive income for the year		–	–	–	–	226	–	7,728	–	7,954	–	7,954
Dividends paid		–	–	–	–	–	–	–	(9,936)	(9,936)	–	(9,936)
Changes in equity for the year		1,104	39,291	–	4,132	226	–	7,728	(9,936)	42,545	–	42,545
At 31 March 2012 and 1 April 2012		6,624	59,383	(4,246)	4,132	(465)	485	38,863	–	104,776	–	104,776
Issue of shares on placement and subscription	22(c)	3,368	54,702	–	–	–	–	–	–	58,070	–	58,070
Share issue expenses		–	(1,425)	–	–	–	–	–	–	(1,425)	–	(1,425)
Formation of a non wholly-owned subsidiary		–	–	–	–	–	–	–	–	–	23	23
Total comprehensive income for the year		–	–	–	–	82	–	(13,872)	–	(13,790)	–	(13,790)
Changes in equity for the year		3,368	53,277	–	–	82	–	(13,872)	–	42,855	23	42,878
At 31 March 2013		9,992	112,660	(4,246)	4,132	(383)	485	24,991	–	147,631	23	147,654

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(13,872)**	7,728
Adjustments for:			
Allowance for inventories		**–**	320
Depreciation		**1,346**	567
Equity-settled share-based payments		**–**	4,132
Inventories written off		**68**	28
Interest income		**(439)**	(491)
(Gain)/loss on disposals of fixed assets		**(80)**	46
Operating (loss)/profit before working capital changes		**(12,977)**	12,330
(Increase)/decrease in inventories		**(37)**	573
Decrease in trade receivables		**15,821**	3,639
(Increase)/decrease in prepayments, deposits and other receivables		**(2,282)**	543
Decrease in trade payables		**(7,072)**	(1,010)
Increase in accruals and other payables		**1,673**	219
Net cash (used in)/generated from operating activities		**(4,874)**	16,294
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of an associate	26	**(100,000)**	–
Loan to an associate		**(5,000)**	–
Purchases of fixed assets		**(2,340)**	(7,542)
Proceeds from disposals of fixed assets		**118**	31
Interest received		**232**	491
Net cash used in investing activities		**(106,990)**	(7,020)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**58,070**	40,848
Share issue expenses paid		**(1,425)**	(453)
Dividends paid		**–**	(9,936)
Net cash generated from financing activities		**56,645**	30,459
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(55,219)**	39,733
Effect of foreign exchange rate changes		**58**	144
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**86,676**	46,799
CASH AND CASH EQUIVALENTS AT END OF YEAR		**31,515**	86,676
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		**31,515**	86,676

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is 17/F., No. 8 Wyndham Street, Central, Hong Kong.

The shares of the Company are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 32 to the financial statements.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2012. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies. The areas where assumptions and estimates are significant to these financial statements are disclosed in note 4 to the financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Consolidation

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

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

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

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated income statement and consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

(b) Associate

Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Associate (cont'd)

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised profits on transactions between the Group and its associate are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Foreign currency translation

(i) Functional and presentation currency

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency translation (cont'd)

(iii) Translation on consolidation

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

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Fixed assets

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Operating leases

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

(f) Inventories

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

(g) Recognition and derecognition of financial instruments

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

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

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

(h) Trade and other receivables

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Cash and cash equivalents

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

(j) Financial liabilities and equity instruments

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

(k) Trade and other payables

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

(l) Equity instruments

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

(m) Revenue recognition

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits schemes

The Group operates a mandatory provident scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK$1,000 (before 1 June 2012)/ HK$1,250 (on or after 1 June 2012) per employee and vest with employees when contributed into the MPF Scheme.

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

(iii) Termination benefits

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

(o) Share-based payments

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Taxation

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Related parties

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

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Impairment of assets

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

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

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

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

(s) Provisions and contingent liabilities

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

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

(t) Events after the reporting period

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

4. KEY ESTIMATES

Key sources of estimation uncertainty

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

(a) Fixed assets and depreciation

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

(b) Income taxes

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

(c) Impairment of investment in an associate and loan to an associate

Management determines whether investment in an associate and loan to an associate have suffered any impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, according to their recoverable amounts determined by the cash-generating unit based on value in use calculation. 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. The value in use calculation also involves the inputs of subjective assumptions and estimates, including whether the associate is able to set up a wholly-foreign owned enterprise in the PRC and also to obtain the coal trading license. Any changes in these assumptions and estimates can significantly affect the estimate of the fair value of the investment in an associate and loan to an associate and the impairment loss thereon. Details of the impairment assessment are set out in note 15 to the financial statements.

(d) Impairment loss for bad and doubtful debts

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

4. KEY ESTIMATES (CONT'D)

(e) Allowance for slow-moving inventories

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

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

5. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

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

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

Deposits and other receivables and loan to an associate is closely monitored by the directors.

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

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

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

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

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2013				
Trade payables	1,090	–	–	–
Accruals and other payables	3,452	–	–	–
At 31 March 2012				
Trade payables	8,162	–	–	–
Accruals and other payables	2,297	–	–	–

(d) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits and loan to an associate. Bank deposits and loan to an associate of approximately HK$27,058,000 and HK$5,000,000 respectively bear interests at fixed interest rates and therefore subject to fair value interest rate risk. Other bank deposits bear interests at variable rates varied with the then prevailing market condition. The effect of changes in interest rates are not significant to the financial statements.

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

(e) Categories of financial instruments at 31 March 2013

	2013	2012
	HK$'000	HK$'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**40,097**	104,017
Financial liabilities:		
Financial liabilities at amortised cost	**4,542**	10,459

(f) Fair values

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

6. TURNOVER

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

7. OTHER INCOME

	2013 HK$'000	2012 HK$'000
Interest income	**439**	491
Gain on disposals of fixed assets	**80**	–
Others	**324**	–
	843	491

8. SEGMENT INFORMATION

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

Geographical information:

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

	Revenue		Non-current assets	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Hong Kong	**1,027**	1,591	**993**	17
Macau	**–**	–	**–**	48
PRC except Hong Kong and Macau	**7,925**	7,456	**109,441**	9,842
Australia	**8,657**	17,957	**–**	–
Canada	**–**	15,010	**–**	–
Dubai U.A.E.	**3,600**	7,663	**–**	–
Malaysia	**7,388**	25,941	**–**	–
New Zealand	**5,616**	7,494	**195**	260
Thailand	**7,440**	12,279	**–**	–
United Kingdom	**3,790**	7,263	**–**	–
Others	**2,849**	1,780	**–**	–
Consolidated total	**48,292**	104,434	**110,629**	10,167

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

Revenue from major customer:

Revenue from one customer of the Group represents approximately HK$5,616,000 of the Group's total revenue for the year ended 31 March 2013.

There was no customer who accounted for 10% or more of the Group's revenue for the year ended 31 March 2012.

9. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2013 as the Group did not generate any assessable profits arising in Hong Kong (2012: Nil).

The subsidiary, Shui Ye Foods (Shanghai) Co., Ltd. ("Shui Ye"), operating in the PRC, is subject to corporate income tax rate of 25% (2012: 25%) on its taxable profit in accordance with the PRC Corporate Income Tax Law. No provision for corporate income tax has been made as it has no assessable profit for the year ended 31 March 2013 (2012: Nil).

According to the current applicable laws of the Macau Special Administrative Region, Macau Complementary Tax is calculated at a progressive rate from 9% to 12% (2012: 9% to 12%) on the estimated assessable profits for the year with the first two hundred thousand patacas assessable profits being free from tax. However, the subsidiary, Greenfortune (Macao Commercial Offshore) Limited ("Greenfortune"), operating in Macau during the year is in compliance with the Decree-Law No. 58/99/M of Macau Special Administrative Region, and thus, the profits generated by the subsidiary is exempted from the Macau Complementary Tax. Further, in the opinion of the directors, that portion of the Group's profit is not at present subject to taxation in any other jurisdictions in which the Group operates.

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

For the year ended 31 March 2013

	Macau HK$'000	**Hong Kong** HK$'000	**PRC** HK$'000	**Total** HK$'000
Profit/(loss) before tax	2,732	(15,033)	(1,571)	(13,872)
Applicable income tax rate	12%	16.5%	25%	
Tax at the applicable income tax rate	328	(2,480)	(393)	(2,545)
Tax effect of income not taxable	–	(72)	–	(72)
Tax effect of expenses not deductible	–	2,444	24	2,468
Tax effect of tax losses not recognised	–	108	369	477
Profits exempted from the Macau Complementary Tax	(328)	–	–	(328)
Income tax expense	–	–	–	–

9. INCOME TAX EXPENSE (CONT'D)

For the year ended 31 March 2012

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

10. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging/(crediting) the following:

	2013 HK$'000	2012 HK$'000
Allowance for inventories#	**–**	320
Auditor's remuneration	**853**	732
Cost of inventories sold (note)	**40,344**	78,815
Depreciation	**1,346**	567
Inventories written off #	**68**	28
(Gain)/loss on disposals of fixed assets	**(80)**	46
Net foreign exchange loss	**319**	573
Operating lease charges		
– Land and buildings	**1,973**	1,340
– Office equipment	**11**	–
Other equity-settled share-based payments	**–**	957
Staff costs including directors' emoluments		
Salaries, bonuses and allowances	**7,572**	5,596
Equity-settled share-based payments	**–**	3,175
Retirement benefit scheme contributions	**801**	667
	8,373	9,438

Included in cost of inventories sold

Note: Cost of inventories sold includes staff costs of approximately HK$1,364,000 (2012: HK$1,297,000), depreciation of approximately HK$917,000 (2012: HK$118,000) and operating lease charges of approximately HK$476,000 (2012: HK$434,000), which are included in the amounts disclosed separately above.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

	Fees	Salaries and allowances	Discretionary bonus	Share-based payments	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Name of director						
Ms. Lee Yau Lin, Jenny	–	480	–	–	15	495
Mr. Wong Wing Fat	–	780	55	–	15	850
Mr. Wong Ka Wah, Albert (Note)	–	750	–	–	10	760
Mr. Ho Wai Hung	60	–	–	–	–	60
Ms. Cheung Kin, Jacqueline	60	–	–	–	–	60
Ms. Mak Yun Chu	60	–	–	–	–	60
Total for 2013	180	2,010	55	–	40	2,285
Ms. Lee Yau Lin, Jenny	–	480	–	383	12	875
Mr. Wong Wing Fat	–	688	45	383	12	1,128
Mr. Ho Wai Hung	60	–	–	38	–	98
Ms. Cheung Kin, Jacqueline	60	–	–	38	–	98
Ms. Mak Yun Chu	60	–	–	38	–	98
Total for 2012	180	1,168	45	880	24	2,297

Note: Appointed on 9 August 2012

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

The five highest paid individuals in the Group included 3 (2012: 2) directors for the year ended 31 March 2013. Details of those emoluments have been disclosed above. The emoluments of the remaining 2 (2012: 3) individuals are set out below:

	2013	2012
	HK$'000	HK$'000
Basic salaries and allowances	**1,200**	845
Share-based payments	**–**	957
Retirement benefit scheme contributions	**24**	25
	1,224	1,827

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

The emoluments fell within the following band:

	Number of individuals	
	2013	2012
Nil to HK$1,000,000	**2**	3

During the year, except for HK$90,000 paid to one of the five highest paid individuals upon joining the Group, no other emoluments were paid by the Group to any of the directors or the other five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2013 (2012: Nil).

13. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$13,872,000 (2012: profit of approximately HK$7,728,000) and the weighted average number of ordinary shares of 823,108,844 (2012: 649,429,508) in issue during the year.

Diluted (loss)/earnings per share

No diluted (loss)/earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 March 2012 and 2013.

14. FIXED ASSETS

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, office and other equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2011	1,015	1,571	2,196	356	5,138
Additions	325	7,999	10	–	8,334
Disposals	–	–	(129)	–	(129)
Exchange differences	36	58	57	13	164
At 31 March 2012 and 1 April 2012	1,376	9,628	2,134	369	13,507
Additions	873	137	168	370	1,548
Disposals	–	–	–	(374)	(374)
Exchange differences	13	20	18	5	56
At 31 March 2013	2,262	9,785	2,320	370	14,737
Accumulated depreciation					
At 1 April 2011	363	714	1,383	283	2,743
Charge for the year	162	138	228	39	567
Disposals	–	–	(52)	–	(52)
Exchange differences	12	27	33	10	82
At 31 March 2012 and 1 April 2012	537	879	1,592	332	3,340
Charge for the year	205	940	146	55	1,346
Disposals	–	–	–	(336)	(336)
Exchange differences	6	11	12	3	32
At 31 March 2013	748	1,830	1,750	54	4,382
Carrying amount					
At 31 March 2013	1,514	7,955	570	316	10,355
At 31 March 2012	839	8,749	542	37	10,167

15. INVESTMENT IN AN ASSOCIATE

	2013 HK$000	2012 HK$000
Unlisted investments:		
Goodwill	**100,274**	–

Details of the Group's associate and its subsidiary at 31 March 2013 are as follows:

Name	Place of incorporation/ registration	Issued and paid up capital	Percentage of ownership interest/ voting power/profit sharing Direct	Indirect	Principal activities
Goldenbase Ltd ("Goldenbase")	Republic of Seychelles	Registered capital of US$100,000	33%	–	Investment holding
Royal Dragon Corporation Limited ("Royal Dragon")	Hong Kong	1,010,000 ordinary shares of HK$1 each	–	33%	Coal trading

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

	2013 HK$000	2012 HK$000
At 31 March		
Total assets	**9,018**	–
Total liabilities	**(10,913)**	–
Net liabilities	**(1,895)**	–
Group's share of associate's net liabilities	**–**	–
Period from 27 September 2012 (date of acquisition of Goldenbase) to 31 March 2013		
Total revenue	**3,039**	–
Total loss for the period	**(1,311)**	–
Group's share of associate's loss for the period	**–**	–

The Group has not recognised loss for the period amounting to approximately HK$437,000 for the associate. The accumulated losses not recognised were approximately HK$437,000.

15. INVESTMENT IN AN ASSOCIATE (CONT'D)

After the completion of the acquisition of Goldenbase on 27 September 2012, Royal Dragon has commenced trial run of trading of coal products in Xining, Qinghai Province, the PRC under the coal trading license of its PRC co-operator (the "Zhanjiang Company") since the end of October 2012. Despite it is legally feasible to conduct coal trading business in Qinghai Province under the coal trading license of Zhanjiang Company, Royal Dragon, when commenced its operation, has taken months to liaise with and explain to the tax bureau of Zhanjiang, Guangdong Province, the PRC in relation to the issuance of tax invoice in connection with each coal trade. Such administrative delay has significantly slowed down the trade cycle of Royal Dragon. In order to resolve such delay, the management of Royal Dragon has decided to set up a wholly-foreign owned enterprise ("WFOE") and then to obtain a coal trading license in Qinghai Province instead. It is estimated that the application for the coal trading license in Qinghai Province will be completed in or about the third quarter of 2013 after the WFOE is set up in Xining. As of the approval date of these financial statements, the set up of WFOE is still in progress and the application for the coal trading license in Qinghai Province is yet to commence.

Impairment test

In the impairment assessment of the investment in an associate, its carrying value is compared with the portion of recoverable amount of Royal Dragon shared by the Group. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. The directors consider that the coal trading business of Royal Dragon will be restored and will contribute a stable profit, through a share of its profit by the Group in its income statement as an associate, upon the WFOE is set up and the application of the trading license is completed. Accordingly, the recoverable amount is determined by the cash-generating unit ("CGU") based on value in use calculation.

The Group engaged an independent professional valuer, Roma Appraisals Limited, to determine the recoverable amount of Royal Dragon based on the cash flow forecasts derived from the most recent financial budgets approved by the directors of Royal Dragon for the next five years with residual period. The key assumptions for the value in use calculation are those regarding the discount rates, budgeted gross margin and turnover during the period. The Group estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU. Budgeted gross margin and turnover are based on the coal supply and purchase agreements and supplemental agreements entered into by Royal Dragon and expectations on market development. The rate used to discount the forecast cash flows is 18.6% and the recoverable amount is further discounted by 32.5% for lack of marketability.

As set out in the above paragraphs, the recoverable amount of investment in an associate is determined on the basis that the WFOE is set up and the application of the coal trading license is completed on the estimated time with no further obstacle or delay. If the set up of WFOE and the application of the coal trading license is unsuccessful, the Group might incur a significant amount of impairment loss on the investment in an associate, which might have a significant effect on the consolidated financial statements of the Group. However, the directors are of the opinion that Royal Dragon would be able to set up the WFOE and also to obtain the coal trading license, and they do not foresee any circumstances that would trigger their set up of WFOE and the application for the coal trading license unsuccessful.

16. INVENTORIES

	2013	2012
	HK$'000	HK$'000
Raw materials	**459**	602
Work in progress	**22**	40
Finished goods	**174**	44
	655	686

17. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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

	2013	2012
	HK$'000	HK$'000
0 to 90 days	**1,339**	15,984
91 to 180 days	**27**	1,203
	1,366	17,187

As of 31 March 2013, trade receivables of approximately HK$160,000 (2012: HK$429,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2013	2012
	HK$'000	HK$'000
Overdue by:		
Up to 90 days	**160**	429

Subsequent to 31 March 2013, the Group received cash settlement amount of approximately HK$133,000 for balances overdue.

17. TRADE RECEIVABLES (CONT'D)

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

	2013 HK$'000	2012 HK$'000
HK$	**227**	315
USD	**–**	15,466
RMB	**1,139**	1,406
Total	**1,366**	17,187

18. LOAN TO AN ASSOCIATE

The loan to an associate is unsecured, interest-bearing at 6% per annum and repayable on or before 27 September 2013.

19. BANK AND CASH BALANCES

As at 31 March 2013, the bank and cash balances of the Group denominated in RMB amounted to approximately HK$1,521,000 (2012: HK$337,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

20. TRADE PAYABLES

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

	2013 HK$'000	2012 HK$'000
0 to 90 days	**728**	8,096
91 to 180 days	**362**	66
	1,090	8,162

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

	2013 HK$'000	2012 HK$'000
USD	**–**	7,629
RMB	**1,090**	533
Total	**1,090**	8,162

21. DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation HK$'000
At 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013	3

At the end of the reporting period, the Group has unused tax losses of approximately HK$16,550,000 (2012: HK$16,714,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams from those subsidiaries. As at 31 March 2013, the unrecognised tax losses of approximately HK$3,764,000, HK$2,463,000, HK$2,016,000, HK$1,990,000 and HK$1,351,000 will expire on 31 March 2014, 2015, 2016, 2017 and 2018 respectively. Other tax losses may be carried forward indefinitely. Included in unused tax losses of the Group are losses of approximately HK$12,874,000 (2012: HK$13,037,000) that have not yet been agreed by respective tax authorities.

22. SHARE CAPITAL

	Note	Number of shares	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.01 each			
At 1 April 2011, 31 March 2012 and 1 April 2012		1,000,000,000	10,000
Increase in authorised share capital of HK$0.01 each	(a)	1,000,000,000	10,000
At 31 March 2013		2,000,000,000	20,000
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
At 1 April 2011		552,000,000	5,520
Issue of shares on placement	(b)	110,400,000	1,104
At 31 March 2012 and 1 April 2012		662,400,000	6,624
Issue of shares on placement and subscription	(c)	336,848,000	3,368
At 31 March 2013		999,248,000	9,992

22. SHARE CAPITAL (CONT'D)

Notes:

(a) Pursuant to the extraordinary general meeting of shareholders of the Company passed on 3 August 2012, the Company's authorised share capital was increased from HK$10,000,000 to HK$20,000,000 by the creation of an additional 1,000,000,000 shares of HK$0.01 each.

(b) On 29 April 2011, the Company, Conrich Investments Limited ("Conrich"), Ms. Lee Yau Lin, Jenny (Chairman of the Company and beneficial owner of Conrich) and the placing agent entered into a placing and subscription agreement, pursuant to which Conrich agreed to place, and the placing agent agreed to procure not less than six placees to purchase 110,400,000 ordinary shares of HK$0.01 each at a price of HK$0.37 per share from Conrich and Conrich agreed to subscribe new shares equivalent to the number of placing shares of 110,400,000 shares at subscription price equivalent to the placing price of HK$0.37 per share from the Company. The placing and subscription were completed on 5 May 2011 and 13 May 2011 respectively and the premium on the issue of shares, amounting to approximately HK$39,291,000, net of share issue expenses, was credited to the Company's share premium account.

(c) On 12 June 2012, the Company and the placing agent entered into a placing agreement, pursuant to which the placing agent agreed to procure not less than six placees to purchase up to 300,000,000 shares at placing price of HK$0.17 per share. The placing of 247,448,000 shares was completed on 27 September 2012 and the premium on the issue of shares, amounting to approximately HK$38,321,000, net of share issue expenses, was credited to the Company's share premium account.

On 19 September 2012, the Company, Conrich, Ms. Lee Yau Lin, Jenny and the placing agent entered into a placing and subscription agreement, pursuant to which Conrich agreed to place, and the placing agent agreed to procure not less than six placees to purchase 42,400,000 ordinary shares of HK$0.01 each at a price of HK$0.189 per share from Conrich and Conrich agreed to subscribe new shares equivalent to the number of placing shares of 42,400,000 shares at subscription price equivalent to the placing price of HK$0.189 per share from the Company. The placing and subscription were completed on 21 September 2012 and 27 September 2012 respectively and the premium on the issue of shares, amounting to approximately HK$7,449,000, net of share issue expenses, was credited to the Company's share premium account.

On 12 December 2012, the Company and the subscriber entered into a subscription agreement, pursuant to which the subscriber agreed to subscribe for and the Company agreed to allot and issue an aggregate of 47,000,000 shares at subscription price of HK$0.17 per share. The subscription was completed on 21 December 2012 and the premium on the issue of shares, amounting to approximately HK$7,507,000, net of share issue expenses, was credited to the Company's share premium account.

22. SHARE CAPITAL (CONT'D)

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

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

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit from the Listing Date. As at 31 March 2013, 65.70% of the shares were in public hands.

23. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	**2013** **HK$'000**	2012 HK$'000
Fixed assets		**981**	–
Investment in subsidiaries		**7,046**	21,546
Prepayments, deposits and other receivables		**1,537**	–
Due from subsidiaries		**106,929**	46,887
Loan to an associate		**5,000**	–
Bank balances		**28,489**	52,483
Accruals and other payables		**(2,180)**	(904)
NET ASSETS		**147,802**	120,012
Share capital		**9,992**	6,624
Reserves	24(b)	**137,810**	113,388
TOTAL EQUITY		**147,802**	120,012

In the impairment assessment of due from subsidiaries of approximately HK$101,426,000 (mainly represented consideration for the acquisition of an associate paid on behalf of a subsidiary) and loan to an associate of HK$5,000,000, the recoverable amounts are determined with reference to the recoverable amount of the investment in an associate. Details of the impairment assessment are set out in note 15 to the financial statements.

24. RESERVES

(a) Group

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

(b) Company

	Note	Share premium	Contributed surplus *(Note 24(c)(iii))*	Share-based payment reserve	Retained profits	Proposed final dividend	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2011		20,092	17,065	–	5,448	9,936	52,541
Issue of shares on placement	22(b)	39,744	–	–	–	–	39,744
Share issue expenses		(453)	–	–	–	–	(453)
Share-based payments		–	–	4,132	–	–	4,132
Profit for the year		–	–	–	27,360	–	27,360
Dividend paid		–	–	–	–	(9,936)	(9,936)
At 31 March 2012 and 1 April 2012		59,383	17,065	4,132	32,808	–	113,388
Issue of shares on placement and subscription	22(c)	54,702	–	–	–	–	54,702
Share issue expenses		(1,425)	–	–	–	–	(1,425)
Loss for the year		–	–	–	(28,855)	–	(28,855)
At 31 March 2013		112,660	17,065	4,132	3,953	–	137,810

24. RESERVES (CONT'D)

(c) Nature and purpose of reserves

(i) Share premium account

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

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

(ii) Merger reserve

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

(iii) Contributed surplus

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

(iv) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3(o) to the financial statements.

(v) Foreign currency translation reserve

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3(c) to the financial statements.

(vi) Legal reserve

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

25. SHARE-BASED PAYMENTS

Equity-settled share option scheme

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

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

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

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

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

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

25. SHARE-BASED PAYMENTS (CONT'D)

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

Name or category of grantees	Date of grant	Number of share options held as at 31 March 2012 and 31 March 2013	Exercise price HK$	Exercise period
Directors				
Ms. LEE Yan Lin, Jenny	11 July 2011	4,000,000	0.355	11 July 2011 - 10 July 2016
Mr. WONG Wing Fat	11 July 2011	4,000,000	0.355	11 July 2011 - 10 July 2016
Mr. HO Wai Hung	11 July 2011	400,000	0.355	11 July 2011 - 10 July 2016
Ms. CHEUNG Kin, Jacqueline	11 July 2011	400,000	0.355	11 July 2011 - 10 July 2016
Ms. MAK Yun Chu	11 July 2011	400,000	0.355	11 July 2011 - 10 July 2016
Employees	11 July 2011	24,000,000	0.355	11 July 2011 - 10 July 2016
Consultants	11 July 2011	10,000,000	0.355	11 July 2011 - 10 July 2016
		43,200,000		

	2013		2012	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**43,200,000**	**0.355**	–	–
Granted during the year	**–**	**–**	43,200,000	0.355
Outstanding at the end of the year	**43,200,000**	**0.355**	43,200,000	0.355
Exercisable at the end of the year	**43,200,000**	**0.355**	43,200,000	0.355

The options outstanding at the end of the year have a weighted average remaining contractual life of 3.28 years (2012: 4.28 years) and the exercise price is HK$0.355 (2012: HK$0.355). The share options were granted on 11 July 2011 and the estimated fair values of the options was approximately HK$4,132,000.

25. SHARE-BASED PAYMENTS (CONT'D)

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

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

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

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

The Group recorded total expenses of approximately HK$4,132,000 in respect of the Scheme for the year ended 31 March 2012.

26. ACQUISITION OF AN ASSOCIATE

On 27 September 2012, the Group acquired an associate at a cash consideration of HK$100,000,000.

27. CONTINGENT LIABILITIES

As at 31 March 2013, the Group did not have any significant contingent liabilities (2012: Nil).

28. CAPITAL COMMITMENTS

As at 31 March 2013, the Group did not have any significant capital commitments (2012: Nil).

29. LEASE COMMITMENTS

At 31 March 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2013	2012
	HK$'000	HK$'000
Within one year	3,121	1,065
In the second to fifth years inclusive	3,131	18
	6,252	1,083

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

30. RELATED PARTY TRANSACTIONS

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

(a) In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

	2013	2012
	HK$'000	HK$'000
Loan interest income from an associate	152	–

(b) The key management personnel of the Group are the directors of the Company. Details of the remuneration paid to them during the year are set out in note 11 to the financial statements.

31. EVENTS AFTER THE REPORTING PERIOD

On 6 February 2013, the Group entered into an agreement to acquire the entire issued share capital of Digital Rainbow Holdings Limited ("Digital Rainbow") at a consideration of HK$156,250,000.

On 3 May 2013, the Company and the placing agent entered into a placing agreement, pursuant to which the placing agent agreed to procure one or more placees to purchase up to 250,000,000 shares at placing price of not less than HK$0.20 per share.

On the same day, the Company and the placing agent also entered into a bond placing agreement, pursuant to which the placing agent has conditionally agreed to place to one or more bond placees to subscribe for the bonds of up to an aggregate principal amount of HK$80,000,000. The warrants will be issued (for no additional payment) to the first registered holder of the bonds on the basis of 1,625,000 warrants for every whole multiple of HK$1,000,000 in the principal amount of the bonds taken up, with an exercise price of HK$0.24 per new share. The warrants are detachable from the bonds. While the bonds are non-transferrable, the warrants can be transferred individually and separately from the bonds. The bonds are secured by the corporate guarantee of the Group's subsidiary and shares of certain shareholders of the Company.

31. EVENTS AFTER THE REPORTING PERIOD (CONT'D)

The estimated net proceeds from the placement of shares and bonds of approximately HK$124,300,000 will be applied towards part of the consideration for the acquisition of Digital Rainbow.

The acquisition and placing of shares and bonds are still in progress.

32. SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2013 are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Issued and paid up capital/ registered capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
Eminent Along Limited	The British Virgin Islands (the "BVI")	Ordinary US$1	–	100%	Investment holding
Greenfortune	Macau	MOP1,000,000	–	100%	Wholesales of packed foods
Pacific Asset International Limited	Hong Kong	Ordinary HK$10,000	–	100%	Investment holding
Paraburdoo	The BVI	Ordinary US$30,000	100%	–	Investment holding
Shui Ye*	The PRC	US$2,000,000	–	100%	Manufacturing and sales of packed foods
Silver Summit Investments Limited	The BVI	Ordinary US$100	100%	–	Investment holding
Success Link Trading Limited	Hong Kong	Ordinary HK$2	–	100%	Sales of packed foods

* Shui Ye is a wholly-owned foreign enterprise established in the PRC.

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 24 June 2013.

Financial Summary

A summary of the Group's results for the five financial years and the assets and liabilities of the Group as at 31 March 2013, 2012, 2011, 2010 and 2009, as extracted from the published audited financial statements for the years ended 31 March 2013, 2012 and 2011 or the prospectus of the Company dated 30 September 2010, is set out below. The amounts set out in this financial summary are prepared as if the current structure of the Group had been in existence throughout the years presented.

	Year ended 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Turnover	**48,292**	104,434	125,117	102,300	58,012
(Loss)/profit attributable to:					
Owners of the Company	**(13,872)**	7,728	25,020	17,194	9,665

	As at 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**152,199**	115,238	72,692	34,583	24,885
Total liabilities	**(4,545)**	(10,462)	(10,461)	(10,792)	(8,288)
Net assets	**147,654**	104,776	62,231	23,791	16,597