STEED ORIENTAL (HOLDINGS) COMPANY LIMITED
駿 東（控 股）有 限 公 司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8277

Annual Report 2015

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This report, for which the directors (the "Directors") of Steed Oriental (Holdings) Company 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 (the "GEM Listing Rules") 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Huang Dong Sheng *(Chairman)*
Ms. Wong Sut Keng
Ms. Wong Hang Kuen
Mr. Yeung Hung Yuen

Independent non-executive Directors
Mr. Chan Kai Nang
Mr. Ho Chee Mun
Mr. Yuen Kim Hung Michael

AUDIT COMMITTEE MEMBERS

Mr. Yuen Kim Hung Michael *(Chairman)*
Mr. Chan Kai Nang
Mr. Ho Chee Mun

NOMINATION COMMITTEE MEMBERS

Mr. Chan Kai Nang *(Chairman)*
Mr. Ho Chee Mun
Mr. Yuen Kim Hung Michael

REMUNERATION COMMITTEE MEMBERS

Mr. Ho Chee Mun *(Chairman)*
Mr. Chan Kai Nang
Mr. Yuen Kim Hung Michael

COMPLIANCE OFFICER

Mr. Yeung Hung Yuen

COMPANY SECRETARY

Mr. Yeung Wai Leung, *HKICPA*

AUTHORISED REPRESENTATIVES

Mr. Yeung Hung Yuen
Mr. Yeung Wai Leung

COMPLIANCE ADVISER

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Unit 2108,
China Merchants Tower,
Shun Tak Centre,
168-200 Connaught Road Central,
Hong Kong

AUDITOR

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

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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89 Wai Yip Street,
Kwun Tong, Kowloon,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square,
Hutchins Drive,
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Grand Cayman KY1-1111,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
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Hopewell Centre,
183 Queen's Road East,
Hong Kong

LEGAL ADVISER

Stephenson Harwood
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95 Queensway,
Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited
1 Garden Road,
Hong Kong

COMPANY'S WEBSITE

www.steedoriental.com.hk

STOCK CODE

8277

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of Steed Oriental (Holdings) Company Limited (the "Company"), I am pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2015.

PERFORMANCE

For the financial year ended 31 March 2015, the Group turned around with net profit of approximately HK$2.1 million, against the net loss of approximately HK$12.9 million for the year ended 31 March 2014. Turnover increased by 9% to approximately HK$308 million. By excluding the listing expenses together with the discontinued operation in both years, the net profit increased by approximately HK$2.8 million from approximately HK$4.3 million for the year ended 31 March 2014 to approximately HK$7.1 million for the year ended 31 March 2015.

The Board does not recommend payment of a final dividend for the year ended 31 March 2015.

LISTING ON GEM OF THE STOCK EXCHANGE

This financial year was very meaningful for the development of the Group. On 23 February 2015 (the "Listing Date"), the Group was successfully listed on GEM, consolidating the foundation for the Group's future development.

LATEST DEVELOPMENT

Reference is made to the prospectus of the Company dated 12 February 2015 (the "Prospectus") regarding the leased properties of the Group at No. 29 Gao Sha Middle Road, Jiangmen City, Guangdong Province, the People's Republic of China (the "PRC") (the "Leased Properties"). On 16 June 2015, Jiangmen Urban and Rural Planning Bureau issued a confirmation permitting the extension of the use of the Leased Properties from 31 May 2016 to 31 May 2018 on the condition that Jiangmen Changda Wood Products Co., Ltd.* (江門市昌達木業有限公司) complies with the relevant laws and regulations regarding environmental protection, fire prevention and safety supervision. The Group can continue to use the Leased Properties under the relevant lease agreements until 31 May 2018.

FUTURE PROSPECTS

The proposed new production plant in Dong Mu Shan Industrial Park is expected to have a gross area of approximately 31,390 square meters and the new production base is expected to have an annual production capacity of approximately 99,456 m^3 of plywood products. The Directors will monitor the schedule of construction in the new production plant. The Company has also located other potential leased properties or sought further extension of permission to use the existing leased land from the relevant authority, in case of the construction of the new production plant is delayed. The Company will commence its contingency plan prior to evacuating the existing leased properties if there is any delay in the construction of the new production plant.

WORDS OF THANKS

On behalf of the Company, I would like to express my gratitude to our shareholders and business partners for their support and to the management and staff for their unwavering dedication and contribution to the Group's development. I believe we can create a bright future with our concerted effort.

Huang Dong Sheng
Chairman and Executive Director

Hong Kong, 16 June 2015

* *For identification purpose only*

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in sourcing, manufacturing and sale of plywood products. The Group's major plywood products can be categorised into (i) general plywood used in interior applications of buildings and manufacture of wooden furniture for home and office; (ii) packing plywood used as packaging material; (iii) structural panel used for construction; (iv) floor base used for flooring; and (v) other plywood products.

The plywood manufacturing industry in the PRC is highly fragmented. Despite the fact that there are numerous local enterprises engaging in the manufacture of different kinds of plywood, the majority of these enterprises are conducted on a small scale operation with minimal technical research and product development capability. In the PRC market, price is also an important factor, especially in the low to mid-end markets.

In terms of plywood, many downstream purchasers prefer to buy imported plywood for its high quality. The demand for the Chinese-made plywood in global markets has also experienced slower growth in recent years due to quality problems. Plywood manufacturers that are able to provide good quality products at a competitive price are likely to gain advantages over their competitors. Nevertheless, leveraging on over 10 years' experience and knowledge in the industry, together with the plywood products being recognised by internationally recognised industry standards, such as Japanese Agricultural Standards (JAS), as well as broad and expanding customer base, the Directors believe that the Group is in a more advantageous position to further develop and expand its market and products than these small-scale local enterprises. The Directors also believe that the Group primarily competes with a number of PRC enterprises which produce consistent quality products.

Management Discussion and Analysis (continued)

FINANCIAL REVIEW

Revenue

During the year ended 31 March 2015, the Group recorded a revenue of approximately HK$308,290,000, representing an approximate 9% increase comparing to the last year. The increase was mainly attributable to an increase in orders received from the existing customers following the rapid recovery of economic environment in Japan.

Gross profit

The gross profit margin slightly increased from approximately 13.8% for the year ended 31 March 2014 to approximately 14.1% for the year ended 31 March 2015. Although the gross profit margin cannot be ascertained with reasonable accuracy due to an absence of a fair cost allocation basis which was a result of (i) unallocatable raw materials costs as different products are produced by sharing pool of raw materials such as logs and veneers; (ii) unallocatable and common direct labour costs; and (iii) unallocatable and common utilities costs as different products can be produced with the same production processes and treatment, since the average selling price of the floor base is higher than other product segments, the increase in the portion of the floor base sales from approximately 2% of the total sales for the year ended 31 March 2014 to approximately 5% of the total sales for the year ended 31 March 2015 contributed a slight effect on the increase in the gross profit margin.

Profit from continuing operations

The profit from continuing operations turned around from a loss of approximately HK$9.0 million for the year ended 31 March 2014 to a profit of approximately HK$2.1 million for the year ended 31 March 2015. This increase is mainly contributed by the decrease in the listing expenses of the Company. We incurred approximately HK$13.3 million on the preparation for the listing on GEM of the Stock Exchange during the year ended 31 March 2014, while only approximately HK$5.0 million listing expense was incurred during the year ended 31 March 2015. When excluding the listing expenses in both years, the profit from continuing operations increased by approximately HK$2.8 million from approximately HK$4.3 million for the year ended 31 March 2014 to approximately HK$7.1 million for the year ended 31 March 2015.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The working capital needs and other capital requirements have been met through a combination of shareholders' equity, cash generated from operations and bank borrowings. Going forward, we intend to finance the future operations and capital expenditures with cash flow from the Group's operating activities, banking facilities made available to us and the net proceeds from the placing of a total of 50,000,000 new shares in the Company on 23 February 2015 at the placing price of HK$1.20 each (the "Placing").

Management Discussion and Analysis (continued)

The primary uses of cash have been and are expected to continue to be operating costs and capital expenditure. The current assets primarily comprise cash and bank balances, trade and other receivables and inventories. The current liabilities primarily comprise trade and other payables and bank borrowings.

As at 31 March 2015, the Group maintained cash and cash equivalents amounting to approximately HK$65.2 million (2014: approximately HK$21.6 million). Net current assets increased from net current liabilities of approximately HK$29.4 million as at 31 March 2014 to net current assets of approximately HK$61.2 million as at 31 March 2015, which was mainly due to the increase of cash and bank balances in relation to the Placing and the loan capitalisation of the controlling shareholders of the Company prior to listing.

As at 31 March 2015, the Group's total bank borrowings, all being denominated in Hong Kong dollars, amounted to approximately HK$33.7 million (2014: approximately HK$37.7 million) details of which are set out in note 30 to the consolidated financial statements of this report.

As at 31 March 2015, the capital structure of the Group consisted of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Group's gearing ratio (calculated by dividing total debt by total equity as at the end of financial year) as at 31 March 2015 was approximately 37.6% (2014: approximately 4,187.1%). The significant decrease in gearing ratio was a result of the Placing and the capitalisation issues due to the group reorganisation.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2015, the Group's trade receivables of approximately HK$6,848,000 (2014: approximately HK$6,497,000) were pledged to secure export bills discounted with full recourse.

CONTINGENT LIABILITIES

As at 31 March 2015, there were no significant contingent liabilities for the Group.

CAPITAL COMMITMENT

As at 31 March 2015, the Group did not have any capital commitments.

SIGNIFICANT INVESTMENT

During the year ended 31 March 2015, the Group did not have any significant investment (2014: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILATED COMPANIES

No material acquisitions or disposals of its subsidiaries or affiliated companies were made by the Group for the year ended 31 March 2015 (2014: nil).

Management Discussion and Analysis (continued)

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 31 March 2015 is set out below:

Business objectives	Actual progress
Construction of a new production plant to expand production capacity in the PRC	As at 31 March 2015, the planned amount has not been utilised and will be carried forward to the next six months ending 30 September 2015.
Expansion in clientele and sale network, as well as our products portfolio	The Group has updated the Group's website and participated in industry trade fairs and exhibitions for plywood products. Besides, the Group has provided trainings to sales and marketing department on product knowledge, customer services and communication skills.
Optimising the manufacturing capabilities in the PRC	The Group has maintained the existing production capacity to meet customers' demand.

USE OF PROCEEDS FROM THE PLACING OF SHARES

The Company was successfully listed on GEM on the Listing Date by way of the Placing of a total of 50,000,000 new shares in the Company at the placing price of HK$1.20 each and the net proceeds raised from the Placing were about HK$50.1 million after deducting the listing-related expenses.

In line with that disclosed in the Prospectus, the Company intends to apply the net proceeds raised from the Placing as to (i) approximately 55.5% of the net proceeds or approximately HK$27.8 million for the construction of a new production plant in the PRC; (ii) approximately 34.9% of the net proceeds or approximately HK$17.5 million for the acquisition of machinery and equipment for the new production plant in the PRC; and (iii) approximately 9.6% of the net proceeds or approximately HK$4.8 million for working capital and other general corporate purpose.

As at 31 March 2015, the Company has not yet utilised the net proceeds of approximately HK$50.1 million raised from the Placing in accordance with the intended use of proceeds set out in the Prospectus. As at the date of this annual report, the Directors do not anticipate any change to the plan as to the use of proceeds.

As at the date of this report, the unutilised proceeds were placed with banks in Hong Kong as short-term deposits.

FOREIGN EXCHANGE EXPOSURE

The trading of plywood products are conducted predominantly in United States dollars ("US dollars" or "US$") while the production costs were mainly denominated in Renminbi ("RMB"). The Group manages its foreign currency risk by closely monitoring the movements of foreign currency exchange rates. The management manages foreign currency exposure by entering into foreign exchange forward contracts. The Group does not currently designate any hedging relationship on the foreign exchange forward contracts for the purpose of the hedge accounting.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group had a total of 317 employees. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Their remuneration packages are normally renewed on an annual basis, based on performance appraisals and other relevant factors. The Group may pay a discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work. Staff benefit plans maintained by the Group include several mandatory provident fund schemes as well as travel, medical and life insurance.

The Company has conditionally approved and adopted a share option scheme on 9 February 2015 (the "Share Option Scheme") under which certain employees, consultants and advisers of the Group including the executive Directors may be granted options to subscribe for Company's shares. As of 31 March 2015, no options had been granted under the Share Option Scheme.

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Huang Dong Sheng, aged 53, is the Chairman of the Company and was appointed as an executive Director on 7 August 2013. He is responsible for overall strategies, planning and business development of the Group, managing key customer relationship and overseeing sales and marketing aspects. Mr. Huang Dong Sheng has approximately 25 years of experience in the wood industry. From 1988 to 1992, Mr. Huang served as the head of the business department (China) of Yonago Group (米子組(株)), a company incorporated in Japan, which was principally engaged in sales of building materials for civil engineering and construction, and he was responsible for the trading of wood products in the PRC market. From 1992 to 2001, Mr. Huang Dong Sheng joined Cheong Sing Merchanise Agency Limited (formerly known as Prosperity Merchandise Agency Limited), a limited company incorporated in Hong Kong and controlled by a family member of the Company's controlling shareholders, and he was employed as sales manager and then from 2001, he was promoted as vice president until 2003. Mr. Huang Dong Sheng was appointed as the director of Million Champ Trading Limited ("Million Champ Trading") and Jiangmen Changda Wood Products Co., Ltd.* (江門市昌達木業有限公司) ("Jiangmen Changda"), our subsidiaries, on 26 July 2003 and 18 August 2003 respectively. Since then, he commenced to pursue his career in the plywood manufacturing industry. He has also been appointed as a director of Sunchance International Industrial Limited ("Sunchance International"), Profit Chance Trading (Asia) Limited ("Profit Chance") and Million Champ Holdings (HK) Limited ("Million Champ Holdings") within the Group since 17 April 2008, 19 July 2011 and 20 August 2012 respectively. Mr. Huang Dong Sheng has led the Group to obtain the JAS, FSC and CE certifications for industrial standard plywood products.

Mr. Huang Dong Sheng completed Business Course I of the Department of Management in Tokyo School of Business in 1989 in Japan. He is the younger brother of Ms. Wong Sut Keng, an executive Director of the Company, and the elder brother of Ms. Wong Hang Kuen, an executive Director of the Company. Mr. Huang Dong Sheng is also the cousin of Mr. Li Wen Jun, the assistant to the general manager of the Company.

Wong Sut Keng, aged 55, was appointed as an executive Director on 7 August 2013. She is responsible for management of finance and administrative aspects, and supporting strategic planning of the Group. Ms. Wong Sut Keng has approximately 10 years of experience in the plywood manufacturing industry. She was appointed as a director and legal representative (法定代表人) of Jiangmen Changda on 18 August 2003 and 14 December 2004 respectively, and as a director of Million Champ Trading on 26 July 2004. Since her appointment as the director of Jiangmen Changda, she was responsible for overseeing the financial and administrative matters. She was also appointed as directors of Sunchance International, Profit Chance and Million Champ Holdings within the Group, on 17 April 2008, 19 July 2011 and 20 August 2012, respectively.

Ms. Wong Sut Keng graduated from Jiang Men Shi Xin Hui Hua Qiao Zhong Xue (江門市新會華僑中學) in Jiangmen City, Guangdong Province, the PRC in June 1974. She is the elder sister of Mr. Huang Dong Sheng, the Chairman and an executive Director of the Company, and Ms. Wong Hang Kuen, an executive Director of the Company. Ms. Wong Sut Keng is also the cousin of Mr. Li Wen Jun, the assistant to the general manager of the Company.

Wong Hang Kuen, aged 45, was appointed as an executive Director on 7 August 2013. She is responsible for management of inventories and procurement for raw materials. Ms. Wong Hang Kuen has approximately 10 years of experience in the plywood manufacturing industry. Ms. Wong Hang Kuen was appointed as a director of Jiangmen Changda on 6 December 2004, and was mainly responsible for sourcing raw materials and the daily administration. She was also appointed as a director of Sunchance International, Profit Chance, Million Champ Holdings and Million Champ Trading within the Group on 17 April 2008, 19 July 2011, 20 August 2012 and 24 June 2013 respectively.

Ms. Wong Hang Kuen graduated from Jiangmen City No. 2 Middle School (江門市第二中學) in Jiangmen City, Guangdong Province, the PRC in July 1986. She is the younger sister of Mr. Huang Dong Sheng, the Chairman and an executive Director of the Company, and Ms. Wong Sut Keng, an executive Director of the Company. Ms. Wong Hang Kuen is also the cousin of Mr. Li Wen Jun, the assistant to the general manager of the Company.

Yeung Hung Yuen, aged 45, was appointed as an executive Director on 16 September 2013 and was appointed as chief financial officer of the Group since 2 February 2015. He is responsible for supervising the financial operations, accounting and treasury functions and corporate governance matters of the Group. Mr. Yeung Hung Yuen has over 20 years of experience in accounting and financing areas. Mr. Yeung Hung Yuen began his career with Nanyang Commercial Bank Ltd as an officer from August 1993 to May 1996. He joined Dai-Ichi Kangyo Bank Limited (Hong Kong Branch) as a senior officer in May 1996, and was promoted to assistant manager in April 1997. From November 1999 to September 2002, Mr. Yeung Hung Yuen was also employed as an accountant with APP (Hong Kong) Ltd. From 2003 to 2005, he was the qualified accountant and company secretary of Ningbo WanHao Holdings Company Limited (寧波萬豪控股股份有限公司) (formerly known as Ningbo Yidong Electronic Company Limited) (Stock Code: 8249), where he assisted the company in its initial public offering on the Stock Exchange in November 2003. In 2006, Mr. Yeung Hung Yuen was appointed as a group financial controller of Prosperity Minerals Holdings Limited which was previously listed on the London Stock Exchange with stock code: PMHL.L, and is now known as Prosperity International Holdings (H.K.) Limited (stock code: 803), a company listed on the main board of the Stock Exchange, and he resigned in October 2010. From October 2010 to March 2013, he joined Prosperity Materials (International) Limited, a limited company incorporated in Hong Kong, as group financial controller.

Directors and Senior Management Profile (continued)

Mr. Yeung Hung Yuen graduated from the Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) with a BA in Business Studies in November 1993. He is an associate of the Association of Chartered Certified Accountants (ACCA) and Hong Kong Institute of Certified Public Accountants (HKICPA). Mr. Yeung Hung Yuen also completed a programme in Executive MBA and has been admitted to the Degree of Master of Business Administration at The Chinese University of Hong Kong in December 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chan Kai Nang, aged 69, was appointed as an independent non-executive Director on 16 September 2013. Mr. Chan Kai Nang was appointed as an independent non-executive director of each of Soundwill Holdings Limited (stock code: 878) on 11 March 2009 and Prosperity International Holdings (H.K.) Limited, (stock code: 803) on 17 August 2010 respectively, and the shares of both companies are listed on the main board of the Stock Exchange. He has also been appointed an independent non-executive director of Asian Capital Holdings Limited (stock code: 8295) on 4 June 2010, a company listed on GEM. Mr. Chan Kai Nang was the deputy chief executive of the then Land Development Corporation. He was an executive director and the managing director of the construction materials division of K. Wah Construction Materials Limited (stock code: 27) (currently known as Galaxy Entertainment Group Limited), a company listed on the Stock Exchange and resigned on 1 May 2008. He serves as an advisor to K. Wah Construction Materials (Hong Kong) Limited from May 2008 to June 2014.

Mr. Chan Kai Nang graduated with a diploma in management studies from The University of Hong Kong in July 1976 and a bachelor of laws degree from the University of London in August 1990. He is an associate of The Institute of Cost and Management Accountants (now known as The Chartered Institute of Management Accountants) in the United Kingdom, a fellow of The Association of Certified Accountants (now known as The Association of Chartered Certified Accountants) in the United Kingdom and a member of the Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants). Mr. Chan is the chairman of the nomination committee of the Company and a member of the audit committee and remuneration committee of the Company.

Ho Chee Mun, aged 56, was appointed as an independent non-executive Director on 16 September 2013. He has over 30 years of experience in the wood products industry. From April 1993 to March 2002, Mr. Ho Chee Mun was appointed as an assistant to president (Marketing) and his final designation was vice president of SMI Management & Co. Pte Ltd and its group companies. From September 2002 to August 2007, he was appointed as a managing director of CMS Ecowood International Pte Ltd.. From August 2007 to February 2011, Mr. Ho Chee Mun took up various management positions within SMI Management & Co. Pte Ltd including serving as its president between 2009 and 2011. From March 2011 to May 2013, he served as the assistant to CEO at Samko Timber Limited, a company listed on the Singapore Stock Exchange. Since June 2013, Mr. Ho Chee Mun served as an associate lecturer at the Management Development Institute of Singapore.

Mr. Ho Chee Mun graduated with a bachelor of commerce degree from the University of Windsor in Canada in June 1983, received a diploma in administrative management from the Institute of Administrative Management in the United Kingdom in August 1985 and a master of international business degree from the University of Wollongong in Australia in October 2004. Mr. Ho Chee Mun is the chairman of the remuneration committee of the Company and a member of the audit committee and nomination committee of the Company.

Yuen Kim Hung Michael, aged 54, was appointed as an independent non-executive Director on 16 September 2013. He has over 23 years of experience in the accounting and auditing areas. From October 1993 to January 1998, Mr. Yuen Kim Hung Michael worked as an audit manager at Poon, Mak & Wan, Certified Public Accountants. From September 1998, he is the sole proprietor of Michael Yuen & Co., a certified public accountants firm. Mr. Yuen Kim Hung Michael was appointed as an independent non-executive director of Prosperity International Holdings (H.K.) Limited (stock code: 803) on 9 January 2002, a company listed on the main board of the Stock Exchange. Mr. Yuen Kim Hung Michael was appointed a non-executive director of New Universe International Group Limited (formerly known as Smartech Digital Manufacturing Holdings Limited) (stock code: 8068) on 24 April 2002, a company listed on GEM.

Mr. Yuen Kim Hung Michael graduated from the Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) with a Professional Diploma in Accountancy in November 1983. He is a Fellow of the Association of Chartered Certified Accountants, a Member of the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants) and the Canadian Certified General Accountants Association of Hong Kong. Mr. Yuen Kim Hung Michael is the chairman of the audit committee of the Company and a member of the nomination committee and remuneration committee of the Company.

Directors and Senior Management Profile (continued)

SENIOR MANAGEMENT

Li Wen Jun, aged 49, is the assistant to the general manager of Jiangmen Changda. Mr. Li Wen Jun is responsible for the overall management of the production department and production facilities in the PRC. He has over 8 years of experience in the wood products industry. Mr. Li Wen Jun joined the Group and was appointed as manager of the sales department in January 2007, and he was then appointed as the manager of the production department in August 2008. In June 2010, he was promoted and has since then been the assistant to the general manager of Jiangmen Changda. Mr. Li Wen Jun is the cousin of Mr. Huang Dong Sheng, the Chairman and an executive Director, and Ms. Wong Sut Keng and Ms. Wong Hang Kuen, each being an executive Director of the Company.

Liu Xiao Ling, aged 42, joined the Group in January 2007 and was appointed as the accounting manager of Jiangmen Changda. She has over 8 years of experience in accounting and finance.

Ms. Liu Xiao Ling graduated from the Guangdong Radio and TV University (廣東廣播電視大學) in the PRC with a part-time bachelor's degree in accounting and finance in March 1996. She obtained the Certificate of Accounting Professional (Intermediate Level) in the PRC (中國中級會計師資格) issued by Ministry of Personnel of the PRC in May 2002.

COMPANY SECRETARY

Yeung Wai Leung, *HKICPA*, aged 34, is the financial controller and company secretary of the Company. Mr. Yeung Wai Leung joined the Group in February 2015. Prior to join the Group, Mr. Yeung was a finance manager of Prosperity Real Estate Holdings Limited, a wholly owned subsidiary of Prosperity International Holdings (H.K.) Limited (stock code: 803), a company listed on the Stock Exchange, since January 2011. From August 2004, Mr. Yeung was a staff accountant of Deloitte Touche Tohmatsu, and was promoted to a staff accountant II and senior accountant in October 2005 and October 2006 respectively, and was later promoted to an audit manager in October 2009 and he resigned in January 2011.

Mr. Yeung Wai Leung obtained a degree of Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in November 2004, and obtained a degree of Master of Business Administration from The University of Hong Kong in November 2014. He is also a certified public accountant and is a member of the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE OFFICER

Yeung Hung Yuen is an executive Director and the compliance officer of the Company. His biographical details and professional qualifications are set out on page 9 of this report.

* *For identification purpose only*

Corporate Governance Report

The Board strives to uphold the principles of corporate governance set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules, and adopted various measures to enhance the internal control system, the Directors' continuous professional development and other areas of practice of the Company. While the Board strives to maintain a high level of corporate governance, it also works hard to create value and achieve maximum return for its shareholders. The Board will continue to conduct review and improve the quality of corporate governance practices with reference to local and international standards.

As the shares of the Company were not yet listed on GEM until the Listing Date (i.e. 23 February 2015), the code provisions were not applicable to the Company during the year before the Listing Date. Throughout the period since the Listing Date and up to the date of this report, the Company has complied with the code provisions as set out in the CG Code.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") as its own code governing securities transactions of the Directors. As the shares of the Company were not yet listed on GEM until the Listing Date, the Model Code was not applicable to the Company during the year before the Listing Date. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code since the Listing Date and up to the date of this report.

BOARD OF DIRECTORS

All the Directors (including the independent non-executive Directors) have acquired a proper understanding of the Company's operation and business and are fully aware of his/her functions and responsibilities under statute and common law, the GEM Listing Rules and other applicable legal and regulatory requirements. Every Director has given the Company the details on the number and nature of offices held in other companies and significant commitments at the time of his/her appointment.

The Board is responsible for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorizing the development plan and budget, monitoring financial and operating performance, reviewing the effectiveness of the internal control system, supervising and managing management's performance of the Group, and setting the Group's values and standards. Though the Board delegates the day-to-day management, administration and operation of the Group to the management, all the Directors continue to give sufficient time and attention to the Group's affairs. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

Board Composition

The Board currently comprises seven Directors, of which four are executive Directors, and three are independent non-executive Directors. The composition of the Board is as follows:

Executive Directors
Mr. Huang Dong Sheng *(Chairman)*
Ms. Wong Sut Keng
Ms. Wong Hang Kuen
Mr. Yeung Hung Yuen

Independent non-executive Directors
Mr. Chan Kai Nang
Mr. Ho Chee Mun
Mr. Yuen Kim Hung Michael

From the Listing Date and up to the date of this report, there was no change in the composition of the Board.

The biographical details of the Directors and their relationship (if any) are set out in the section headed "Directors and Senior Management Profile" on pages 9 to 11 of this report.

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. From the Listing Date and up to 31 March 2015, two Board meetings were held and the attendance records of individual Directors are set out below:

Corporate Governance Report (continued)

Name of Directors	Attendance/Number of the Board Meetings
Executive Directors	
Mr. Huang Dong Sheng *(Chairman)*	2/2
Ms. Wong Sut Keng	2/2
Ms. Wong Hang Kuen	2/2
Mr. Yeung Hung Yuen	2/2
Independent non-executive Directors	
Mr. Chan Kai Nang	2/2
Mr. Ho Chee Mun	2/2
Mr. Yuen Kim Hung Michael	2/2

None of the Directors attended the above meetings by his/her alternate.

Appropriate notices are given to all Directors in advance for attending regular and other Board meetings. Meeting agendas and other relevant information are provided to the Directors in advance of Board meetings. All Directors are consulted to include additional matters in the agenda for Board meetings.

All Directors have access to the advice and services of the company secretary of the Company (the "Company Secretary") with a view to ensuring that the Board procedures, and all applicable rules and regulations, are followed.

Both draft and final versions of the minutes are sent to all Directors for their comment and records. Minutes of the Board meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

One-third of the Directors shall retire from office by rotation and re-election at an annual general meeting of the Company in accordance with the Company's Articles of Association, providing that every Director shall be retired at least once every three years. Each of the independent non-executive Directors had made a confirmation of independence by reference to Rule 5.09 of the GEM Listing Rules and the Board is satisfied that all the independent non-executive Directors were independent and have met the independence guidelines set out in Rule 5.09 of the GEM Listing Rules since the date of their respective appointments, up to the date of this report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Currently, Mr. Huang Dong Sheng, the Chairman of the Company, is responsible for the overall strategic planning and corporate policies as well as overseeing the operations of the Group. The day-to-day operations of the Group are delegated to the other executive Directors and the management responsible for different aspects of the business.

BOARD DIVERSITY POLICY

Pursuant to the CG Code, the Board has adopted a board diversity policy (the "Board Diversity Policy"). The Company recognizes and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to cultural and educational background, experience (professional or otherwise), skills and knowledge.

GENERAL MEETINGS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

From the Listing Date and up to 31 March 2015, no general meeting was held.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 9 February 2015 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The primary duties of the Audit Committee are (among other things) to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial reporting matters to the Board.

Corporate Governance Report (continued)

As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Yuen Kim Hung Michael, Mr. Chan Kai Nang and Mr. Ho Chee Mun. Mr. Yuen Kim Hung Michael, who has appropriate professional qualifications and experience in accounting matters, has been appointed as the chairman of the Audit Committee.

From the Listing Date and up to 31 March 2015, one Audit Committee meeting was held and the attendance record of each committee member is set out below:

Name of Directors	Attendance/Number of the Audit Committee Meetings
Mr. Yuen Kim Hung Michael *(Chairman)*	1/1
Mr. Chan Kai Nang	1/1
Mr. Ho Chee Mun	1/1

None of the Directors attended the above meeting by his alternate.

The Audit Committee has reviewed with the management and the external auditor the audited financial statements of the Group for the year ended 31 March 2015 and recommended to the Board for approval.

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") on 9 February 2015 and has formulated its written terms of reference, which have from time to time been modified in accordance with the prevailing provisions of the CG Code. The Nomination Committee has three members, namely Mr. Chan Kai Nang, Mr. Yuen Kim Hung Michael and Mr. Ho Chee Mun. Mr. Chan Kai Nang has been appointed as the chairman of the Nomination Committee.

The principal responsibilities of the Nomination Committee are (among other things) to review the composition of the Board, including its structure, size and diversity at least annually to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group. It is also responsible to consider and recommend to the Board suitably qualified candidates to become a member of the Board, monitor the succession planning of the Directors and assess the independence of the independent non-executive Directors. The Nomination Committee will also give consideration to the Board Diversity Policy when identifying suitably qualified candidates to become members of the Board, and the Board will review the Board Diversity Policy, so as to develop and review measurable objectives for implementing the Board Diversity Policy and to monitor the progress on achieving these objectives.

During the period from the Listing Date to the date of this report, no Nomination Committee meeting was held as the Company had not appointed new Director during the said period.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") on 9 February 2015 and has formulated its written terms of reference, which have from time to time been modified in accordance with the prevailing provisions of the CG Code. The Remuneration Committee has three members, namely Mr. Ho Chee Mun, Mr. Chan Kai Nang and Mr. Yuen Kim Hung Michael. Mr. Ho Chee Mun has been appointed as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are (among other things) (i) to make recommendation to the Board the terms of remuneration packages, bonuses and other compensation (including benefits in kind, pension rights and compensation payments, or any compensation payable for loss or termination of their office or appointment) payable to the Directors and senior management; (ii) to make recommendations to the Board on the Group's policy and structure for all remuneration of the Directors and senior management; and (iii) to assess performance of the executive Directors and approve the terms of the service contracts of the Directors.

During the period from the Listing Date to the date of this report, no Remuneration Committee meeting was held.

Corporate Governance Report (continued)

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that the Directors keep abreast of the relevant industry knowledge and skills as well as regulatory updates.

The Directors are regularly briefed on the latest changes and development of the GEM Listing Rules, corporate governance practices and other regulatory regime with written materials, as well as attending seminars on the professional knowledge and the latest development of the regulatory requirements related to director's duties and responsibilities.

All Directors participated in the continuous professional developments in relation to regulatory update, the duties and responsibilities of the Directors and the business of the Group including reading materials in relation to regulatory update and/or attending seminars to develop professional skills.

COMPANY SECRETARY

Mr. Yeung Wai Leung was appointed as the Company Secretary of the Company on 2 February 2015. He is an employee of the Company and has day-to-day knowledge of the Company's affairs. He is responsible for ensuring a good information flow within the Board and the compliance of the Board policy and procedures.

Mr. Yeung is going to comply with the relevant professional training requirements under Rule 5.15 of the GEM Listing Rules starting from the financial year 2015, as the Company only became listed on GEM on 23 February 2015. His biographical details are set out in the section headed "Directors and Senior Management Profile" on page 11 of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors ensure the financial statements of the Group are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors' responsibilities in the preparation of the financial statements and the auditor's responsibilities are set out in the section headed "Independent Auditor's Report" of this report.

INTERNAL CONTROL

The Board recognises its responsibility to ensure that the Company maintains a sound and effective internal control system and the Board has conducted a review of the effectiveness of the internal control system of the Group during the year. The Group's internal control system is designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions of different systems has been conducted on a systematic basis based on the risk assessments of the operations and controls. No major issue but areas for improvement have been identified. The Board and the Audit Committee considered that the key areas of the Group's internal control systems are reasonably implemented.

ROLE OF COMPLIANCE OFFICER

The compliance officer is responsible for establishing a formal mechanism for risk assessment and management, monitoring the effectiveness of the Company's internal control system and procedures and assessing the remediation status.

EXTERNAL AUDITOR'S REMUNERATION

During the year ended 31 March 2015, the Company engaged Deloitte Touche Tohmatsu as the external auditors. Apart from providing audit services, Deloitte Touche Tohmatsu also provided non-audit services in connection with the Group's listing on GEM. The fees in respect of the audit and non-audit services provided by Deloitte Touche Tohmatsu for the year ended 31 March 2015 approximately amounted to HK$1,438,000 and HK$300,000 respectively. The reporting responsibilities of Deloitte Touche Tohmatsu are set out in the Independent Auditor's Report on page 23 of this report.

Corporate Governance Report (continued)

SHAREHOLDERS' RIGHTS

Right to convene extraordinary general meeting

Pursuant to the Company's Articles of Association, any shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring an extraordinary general meeting (the "EGM") to be called by the Board. The written requisition (i) must state the purposes of the EGM, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the Company Secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice to all shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the EGM will not be convened as requested.

If the Board does not within twenty-one days from the date of the deposit of the requisition proceed duly to convene an EGM, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may convene an EGM, but any EGM so convened shall not be held after expiration of two months from the said date of deposit of the requisition. An EGM convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in any EGM to be convened by the Board.

Right to put forward proposals at general meeting

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written notice of his or her proposal (the "Proposal") with his or her detailed contact information at the Company's principal place of business in Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

Right to make enquiries to the Board

Shareholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at 11th Floor, Prosperity Industrial Building, 89 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong. Shareholders may also make enquiries to the Board at the general meetings of the Company. In addition, shareholders can contact Tricor Investor Services Limited, the branch share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

CONSTITUTIONAL DOCUMENTS

During the period from the Listing Date to 31 March 2015, there had been no significant change in the Company's constitutional documents. The Articles of Association of the Company are available on the websites of the Stock Exchange and the Company.

INVESTOR RELATIONS

The Company believes that maintaining effective communication with the investment industry is crucial to having a deeper understanding of the Company's business and its development among investors. To achieve this goal and increase transparency, the Company will continue to adopt proactive measures to foster better investor relations and communications. As such, the purpose for the Company to formulate investor relations policies is to let investors have access to the information of the Group in a fair and timely manner, so that they can make an informed decision.

We welcome investors to write to the Company or send their inquiries to the Company's website www.steedoriental.com.hk to share their opinions with the Board. The Company's website also discloses the latest business information of the Group to investors and the public.

ACCOUNTABILITY AND AUDIT FINANCIAL REPORTING

The management provides such explanation and information to the Board and reports to the Board on the financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities (as set out in the Independent Auditor's Report) for preparing the financial statements of the Group that give a true and fair view of the state of affairs of the Group. As at the date of this report, the Board was not aware of any material uncertainties relating to any events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by the external auditor about their reporting responsibility is set out in the section headed "Independent Auditor's Report" of this report.

Report of the Directors

The Board of Directors of the Company is pleased to present their first report and the audited consolidated financial statements of the Group for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 38 to the consolidated financial statements in this report. The business of the Group is principally engaged in sourcing, manufacturing and sale of plywood products.

RESULTS AND APPROPRIATIONS

The Group's financial performance for the year ended 31 March 2015 is set out in the consolidated statement of profit or loss and other comprehensive income on pages 24 and 25 of this report and the financial position of the Group as at 31 March 2015 are set out in the consolidated statement of financial position on page 26 of this report. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2015.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the past four years ended 31 March 2015 is set out on page 66 of this report. This summary does not form part of the audited financial statements.

CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS

As at 31 March 2015, the Group did not have any material contingent liabilities, legal proceedings or potential proceedings.

GOING CONCERN

Based on the current financial position and financing facilities available, the Group has sufficient financial resources for ongoing operation in the foreseeable future. As such, the consolidated financial statements were prepared on a "going concern" basis.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year ended 31 March 2015 are set out in note 17 to the consolidated financial statements.

BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 March 2015 are set out in note 30 to the consolidated financial statements in this report.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 March 2015 are set out in note 32 to the consolidated financial statements in this report.

USE OF PROCEEDS FROM THE PLACING OF SHARES

As at 31 March 2015, the Company has not yet utilised the net proceeds of approximately HK$50.1 million raised from the Placing in accordance with the intended use of proceeds set out in the Prospectus. Details of the intended uses and utilised amount are set out on page 8 of this report.

RESERVES

Details of change in reserves of the Group and the Company are set out on page 27 of the consolidated statement of changes in equity and page 65 of this report.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2015, calculated under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$66.8 million.

CHARITABLE CONTRIBUTIONS

During the year ended 31 March 2015, the Group did not made charitable contributions.

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 March 2015 and up to the date of this report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the latest practicable date prior to the issue of this report.

Report of the Directors (continued)

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2015, sales to the Group's five largest customers accounted for approximately 75% of total sales and sales to the largest customer included therein amounted to approximately 33% of total sales. The Group's five largest suppliers accounted for approximately 48% of total purchases during the year ended 31 March 2015 and purchases from the largest supplier included therein amounted to approximately 15% of total purchases.

None of the Directors or any of their close associates (as defined in the GEM Listing Rules), or any of the shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or its five largest suppliers during the year ended 31 March 2015.

DIRECTORS

The Directors during the year ended 31 March 2015 and up to the date of this report were:

Executive Directors
Mr. Huang Dong Sheng *(Chairman)*
Ms. Wong Sut Keng
Ms. Wong Hang Kuen
Mr. Yeung Hung Yuen

Independent non-executive Directors
Mr. Chan Kai Nang
Mr. Ho Chee Mun
Mr. Yuen Kim Hung Michael

One-third of the Directors shall retire from office by rotation and re-election at an annual general meeting of the Company in accordance with the Company's Articles of Association, providing that every Director shall be retired at least once every three years.

DIRECTORS' SERVICE CONTRACTS

All Directors have service contracts with the Company with remaining unexpired period of 3 years which are not determinable within one year without payment of compensation. As the contracts were signed on 16 September 2013 in accordance with the GEM Listing Rules, no shareholders' approval is required.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Biographical details of the Directors and the senior management of the Group are set out on pages 9 to 11 of this report.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

None of the Directors had a material interest, whether 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 at any time during or at the end of the year ended 31 March 2015.

As of 31 March 2015, no contract of significance had been entered into between the Company, or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries.

COMPETING INTERESTS

The Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the year ended 31 March 2015.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors were independent during the period from their respective appointments and up to the date of this report.

Report of the Directors (continued)

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole and any part of the Company's business were entered into or existed during the year ended 31 March 2015.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 March 2015, the interests and short positions of the each of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to the be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in ordinary shares of the Company

	Number of ordinary shares held, capacity and nature of interest			
Name of Director	Directly and beneficially owned	Through controlled corporations	Total	Approximate percentage of the Company's issued share capital
Mr. Huang Dong Sheng[1]	–	114,154,853[4]	114,154,853	57.08%
Ms. Wong Hang Kuen[2]	–	114,154,853[4]	114,154,853	57.08%
Ms. Wong Sut Keng[3]	–	114,154,853[4]	114,154,853	57.08%

Notes:

1. Mr. Huang Dong Sheng beneficially owns all the shares in MASTER GATE LIMITED ("Master Gate"), a company incorporated in the British Virgin Islands ("BVI"), and accordingly Mr. Huang is deemed to be interested in the shares of the Company in which Master Gate is interested pursuant to the SFO. As at 31 March 2015, Master Gate directly and beneficially owned 45,661,941 shares in the Company.

2. Ms. Wong Hang Kuen beneficially owns all the shares in FOREVER ACES LIMITED ("Forever Aces"), a company incorporated in the BVI, and accordingly Ms. Wong is deemed to be interested in the shares of the Company in which Forever Aces is interested pursuant to the SFO. As at 31 March 2015, Forever Aces directly and beneficially owned 34,246,456 shares in the Company.

3. Ms. Wong Sut Keng beneficially owns all the shares in MAKING NEW LIMITED ("Making New"), a company incorporated in the BVI, and accordingly Ms. Wong is deemed to be interested in the shares of the Company in which Making New is interested pursuant to the SFO. As at 31 March 2015, Making New directly and beneficially owned 34,246,456 shares in the Company.

4. Mr. Huang Dong Sheng, Ms. Wong Hang Kuen and Ms. Wong Sut Keng are siblings. Each of them is deemed to be interested in the ordinary shares of the Company held by Master Gate, Forever Aces and Making New respectively for the purpose of the SFO.

Save as disclosed above, as at 31 March 2015, none of the Directors or chief executive of the Company had any interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Report of the Directors (continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2015, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO as follows:

Long positions in ordinary shares of the Company

Name of Shareholder	Capacity and nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Master Gate	Beneficial owner	45,661,941	22.83%
Forever Aces	Beneficial owner	34,246,456	17.12%
Making New	Beneficial owner	34,246,456	17.12%

Save as disclosed above, as at 31 March 2015, none of the substantial shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS" above, had any interest or a short position 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.

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

Since the Listing Date to 31 March 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

A full corporate governance report is set out on pages 12 to 16 of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Island, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders unless otherwise required by the Stock Exchange.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, New Spring Capital Limited, as at 31 March 2015, save for the compliance adviser agreement dated 9 February 2015 entered into between the Company and New Spring Capital Limited, neither New Spring Capital Limited, its directors, employees and associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

SHARE OPTION SCHEME

The Company conditionally approved and adopted the Share Option Scheme on 9 February 2015. The following is a summary of the principal terms of the Share Option Scheme:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive or reward for the Eligible Participants (defined below) for their contribution or potential contribution to the Company and/or any of its subsidiaries.

(b) Participants of the Share Option Scheme

The Directors may, subject to and in accordance with the provisions of the Share Option Scheme and the GEM Listing Rules, at its discretion, grant options to any full-time or part-time employees, consultants or potential employees, consultants, executives or officers (including executive, non-executive and independent non-executive Directors) of the Company or its subsidiaries, and any suppliers, customers, consultants, agents and advisers, who in the absolute discretion of the Directors has contributed or will contribute to the Group (collectively, the "Eligible Participants").

(c) Maximum number of shares available for subscription

The maximum number of the shares of the Company in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed the number of the shares of the Company that shall represent 10% of the total number of the shares of the Company in issue immediately upon completion of the listing of the Company on GEM (the "Scheme Limit") which is 20,000,000 shares (assuming the over-allotment option is not exercised). For the purpose of calculating the Scheme Limit, options which have lapsed in accordance with the terms of the relevant scheme shall not be counted.

The maximum limit on the number of the shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed such number of the shares of the Company as shall represent 30% of the shares of the Company in issue from time to time. No options may be granted if such grant will result in this 30% limit being exceeded.

As of the date of this report, there is no option under the Share Option Scheme outstanding, granted, exercised, cancelled and lapsed.

As at the date of this report, the outstanding number of options available for grant under the Share Option Scheme is such number of options, upon exercise, representing 10% of the issued share capital of the Company.

(d) Grant to connected persons, substantial shareholders and independent non-executive Directors of the Company

Any grant of options to a connected person of the Company must be approved by all the independent non-executive Directors (excluding any independent non-executive Director who is also a proposed grantee of the options, the vote of such independent non-executive Director shall not be counted for the purposes of approving the grant).

Any grant of options to a substantial shareholder or an independent non-executive Director of the Company or any of their respective associates shall be subject to, in addition to the approval of the independent non-executive Directors, the issue of a circular by the Company to its shareholders and the approval of the shareholders of the Company in general meeting if the shares issued and to be issued upon exercise of all options already granted and proposed to be granted to him (whether exercised, cancelled or outstanding) in the 12-month period up to and including the date of offer of grant of the option (the "Offer Date"):

(i) would represent in aggregate more than 0.1 per cent, or such other percentage as may from time to time be provided under the GEM Listing Rules, of the shares in issue on the Offer Date; and

(ii) would have an aggregate value, based on the official closing price of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange at the date of each grant, in excess of HK$5,000,000 (or such other amount as shall be permissible under the GEM Listing Rules from time to time).

(e) Exercise price

The price per share at which a grantee may subscribe for shares upon exercise of an option (the "Exercise Price") shall, subject to any adjustment pursuant to paragraph (g) below, be a price determined by the Directors but in any event shall be at least the highest of:

(i) the official closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets on the Offer Date;

(ii) the average of the official closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and

(iii) the nominal value of a share.

(f) Acceptance and payment on acceptance of option offer

An option may be accepted by a participant within 14 days from the Offer Date.

A consideration of HK$1.00 is payable on acceptance of the offer of the grant of an option.

Report of the Directors (continued)

(g) Life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period commencing from 9 February 2015 and ending on the tenth anniversary of the Listing Date (both days inclusive), after which time no further option will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme.

AUDITOR

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

On behalf of the Board
Huang Dong Sheng
Chairman and Executive Director

Hong Kong, 16 June 2015

Independent Auditor's Report

Deloitte.
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TO THE SHAREHOLDERS OF
STEED ORIENTAL (HOLDINGS) COMPANY LIMITED
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Steed Oriental (Holdings) Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 64, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other 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, in accordance with our agreed terms of engagement, 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 financial position of the Group as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
16 June 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Continuing operations			
Revenue	7	**308,290**	281,791
Cost of goods sold		**(264,884)**	(242,824)
Gross profit		**43,406**	38,967
Other income	8	**401**	30
Other losses	9	**(1,279)**	(2,575)
Selling and distribution costs		**(8,531)**	(8,568)
Administrative expenses		**(21,917)**	(19,623)
Listing expenses		**(4,973)**	(13,258)
Finance costs	10	**(1,110)**	(805)
Profit (loss) before taxation	11	**5,997**	(5,832)
Taxation	13	**(3,878)**	(3,134)
Profit (loss) for the year from continuing operations		**2,119**	(8,966)
Discontinued operation			
Loss for the year from discontinued operation	15	**–**	(3,963)
Profit (loss) for the year		**2,119**	(12,929)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**88**	(449)
Fair value gain (loss) on available-for-sale investments		**316**	(65)
Reclassification adjustment relating to available-for-sale investments disposed of during the year		**(106)**	–
Other comprehensive income (expense) for the year		**298**	(514)
Total comprehensive income (expense) for the year		**2,417**	(13,443)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the year ended 31 March 2015

	NOTE	2015 HK$'000	2014 HK$'000
Profit (loss) for the year attributable to owners of the Company:			
– from continuing operations		**2,119**	(9,920)
– from discontinued operation		**–**	(3,844)
		2,119	(13,764)
Profit (loss) for the year attributable to non-controlling interests:			
– from continuing operations		**–**	954
– from discontinued operation		**–**	(119)
		–	835
		2,119	(12,929)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**2,417**	(14,346)
Non-controlling interests		**–**	903
		2,417	(13,443)
Earnings (loss) per share – basic (HK cents)	16		
From continuing and discontinued operations		**1.66**	(11.52)
From continuing operations		**1.66**	(8.30)

Consolidated Statement of Financial Position

As at 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	17	**13,506**	14,800
Prepaid lease payment	18	**16,507**	16,814
Available-for-sale investments	19	**820**	350
Rental deposits		**163**	162
		30,996	32,126
Current assets			
Inventories	21	**40,353**	43,720
Prepaid lease payment	18	**346**	402
Trade and other receivables	22	**13,747**	14,238
Amounts due from shareholders	23	**10**	10
Taxation recoverable		**–**	719
Bank balances and cash	24	**65,212**	21,612
		119,668	80,701
Current liabilities			
Trade and other payables	25	**22,846**	31,245
Derivative financial instruments	26	**–**	1,135
Amounts due to related companies	27	**–**	15,241
Amounts due to directors	28	**–**	23,793
Taxation payable		**1,620**	608
Obligations under a finance lease – due within one year	29	**342**	331
Bank borrowings – due within one year	30	**33,680**	37,700
		58,488	110,053
Net current assets (liabilities)		**61,180**	(29,352)
Total assets less current liabilities		**92,176**	2,774
Non-current liabilities			
Obligations under a finance lease – due after one year	29	**263**	605
Deferred taxation	31	**671**	314
		934	919
Net assets		**91,242**	1,855
Capital and reserves			
Capital	32	**2,000**	790
Reserves		**89,242**	1,065
Total equity		**91,242**	1,855

The consolidated financial statements on pages 24 to 64 were approved and authorised for issue by the Directors on 16 June 2015 and are signed on its behalf by:

Huang Dong Sheng
Chairman and Executive Director

Yeung Hung Yuen
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to owners of the Company								
	Capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (note)	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Accumulated profits (losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2013	780	–	17,530	(39)	(128)	8,355	26,498	851	27,349
(Loss) profit for the year	–	–	–	–	–	(13,764)	(13,764)	835	(12,929)
Exchange differences on translation	–	–	–	–	(517)	–	(517)	68	(449)
Fair value loss on available–for-sale investments	–	–	–	(65)	–	–	(65)	–	(65)
Other comprehensive (expense) income for the year	–	–	–	(65)	(517)	–	(582)	68	(514)
Total comprehensive (expense) income for the year	–	–	–	(65)	(517)	(13,764)	(14,346)	903	(13,443)
Issue of shares (note 32)	10	–	–	–	–	–	10	–	10
Deemed acquisition of additional interest in a subsidiary	–	–	1,912	–	–	–	1,912	(1,912)	–
Distribution in specie of shares in a subsidiary (note 33)	–	–	(12,219)	–	–	–	(12,219)	158	(12,061)
At 31 March 2014	790	–	7,223	(104)	(645)	(5,409)	1,855	–	1,855
Profit for the year	–	–	–	–	–	2,119	2,119	–	2,119
Exchange differences on translation	–	–	–	–	88	–	88	–	88
Fair value gain on available-for-sale investments	–	–	–	316	–	–	316	–	316
Reclassification adjustment relating to available-for-sale investments disposed of during the year	–	–	–	(106)	–	–	(106)	–	(106)
Other comprehensive income for the year	–	–	–	210	88	–	298	–	298
Total comprehensive income for the year	–	–	–	210	88	2,119	2,417	–	2,417
Loan capitalisation issue (note 32(e))	3	–	33,352	–	–	–	33,355	–	33,355
Capitalisation issue (note 32(f))	1,487	(1,487)	–	–	–	–	–	–	–
Effect of share swap pursuant to group reorganisation	(780)	–	780	–	–	–	–	–	–
Issue of shares by way of placing (note 32(g))	500	59,500	–	–	–	–	60,000	–	60,000
Expenses incurred in connection with issue of shares	–	(6,385)	–	–	–	–	(6,385)	–	(6,385)
At 31 March 2015	2,000	51,628	41,355	106	(557)	(3,290)	91,242	–	91,242

Note: The other reserve of the Group at 31 March 2015 represents the aggregate of (i) deemed capital contribution from Ms. Wong Sut Keng, a director and one of the member of the Huang's Family as defined in note 2, arising from waiver of an amount due to her for settling trade payables on behalf of the Group amounted to HK$1,543,000 in prior year; (ii) the issue of shares in excess of par relating to the acquisition of Green Global Bioenergy Limited ("Green Global") and its subsidiary (the "Green Global Group") from an independent third party, Duke Glory Investment Limited ("Duke Glory"), amounted to HK$15,987,000 in prior year; (iii) the effect of deemed acquisition of non-controlling interests in Million Champ Trading Limited ("Million Champ Trading") and 江門市昌達木業有限公司 ("Jiangmen Changda"), by allotment and issue of 999,900 shares by Million Champ Trading to the Company at par value, amounted to HK$1,912,000 being the carrying amount of 48.99% of the net assets of Million Champ Trading and Jiangmen Changda, during the year ended 31 March 2014; (iv) deemed capital contribution from the directors and the investment holding companies owned by the Huang's Family on their waiver of aggregate amounts due to them of HK$33,352,000 as more fully detailed in note 32(e); and (v) nominal amount of capital of CD Enterprises Company Limited ("CD Enterprises"), a subsidiary of the Company, pursuant to the group reorganisation as explained in note 2; after deducting (vi) the net assets value of Green Global Group attributable to owners of the Company of HK$12,219,000 distributed to the shareholders of the Company.

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	2015 **HK$'000**	2014 HK$'000
Operating activities		
Profit (loss) before taxation from continuing operations	**5,997**	(5,832)
Loss for the year from discontinued operation	**–**	(3,963)
	5,997	(9,795)
Adjustments for:		
Interest income	**(10)**	(17)
Interest expenses	**1,110**	805
Fair value (gain) loss on derivative financial instruments	**(1,135)**	1,285
Amortisation of intangible asset	**–**	635
Release of prepaid lease payment	**402**	–
Depreciation of property, plant and equipment	**2,587**	3,092
Gain on disposal of available-for-sale investments	**(106)**	–
Loss on disposal/written off of property, plant and equipment	**129**	45
Operating cash flows before movements in working capital	**8,974**	(3,950)
Decrease (increase) in inventories	**3,367**	(6,801)
Decrease in trade and other receivables	**491**	9,550
Decrease in trade and other payables	**(8,532)**	(5,048)
Cash generated from (used in) operations	**4,300**	(6,249)
Hong Kong Profits Tax refunded (paid)	**658**	(23)
The People's Republic of China ("PRC") Enterprise Income Tax ("EIT") paid	**(2,448)**	(2,759)
Net cash generated from (used in) operating activities	**2,510**	(9,031)
Investing activities		
Proceeds from disposal of available-for-sale investments	**1,262**	94
Interest received	**10**	17
Purchase of property, plant and equipment	**(1,393)**	(3,836)
Acquisition of available-for-sale investments	**(1,392)**	(149)
Proceeds from disposal of property, plant and equipment	**–**	293
Payment made for prepaid lease payments	**–**	(17,216)
Advances to shareholders	**–**	(10)
Net cash used in investing activities	**(1,513)**	(20,807)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2015

	NOTE	2015 HK$'000	2014 HK$'000
Financing activities			
Issue of shares		**60,000**	10
New bank loans raised		**26,694**	28,413
Advances from related companies		**7,410**	22,663
Repayments of bank borrowings		**(30,714)**	(9,997)
Repayments to related companies		**(7,456)**	(17,157)
Expenses incurred in connection with issue of shares		**(6,385)**	–
Repayments to directors		**(5,505)**	(5,369)
Interests paid		**(1,110)**	(805)
Repayment of obligations under a finance lease		**(331)**	(373)
Advances from directors		**–**	1,010
Distribution in specie of shares in a subsidiary	33	**–**	(8)
Net cash from financing activities		**42,603**	18,387
Net increase (decrease) in cash and cash equivalents		**43,600**	(11,451)
Cash and cash equivalents at beginning of the year		**21,612**	33,063
Cash and cash equivalents at end of the year, representing bank balances and cash		**65,212**	21,612

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 August 2013 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its shares have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 February 2015 (the "Listing").

The addresses of the registered office and principal place of business of the Company are set out in the section headed "Corporate Information" in the annual report. The Company acts as an investment holding company and its subsidiaries are principally engaged in sourcing, manufacturing and sale of plywood products. The Group had also engaged in an eucalyptus plantation project which was discontinued on 28 February 2014.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") while the functional currency of the Company is United State dollars ("US$"). The reason for selecting Hong Kong dollars as its presentation currency is because the directors of the Company considered it is more beneficial for the users of the consolidated financial statements as the Company's shares are listed on the Stock Exchange.

2. BASIS OF PREPARATION

The operation of the Group has been carried out by CD Enterprises and its subsidiaries prior to the group reorganisation (the "Group Reorganisation") set out below. CD Enterprises was wholly owned by Mr. Huang Dong Sheng ("Mr. Huang"), Ms. Wong Sut Keng (sister of Mr. Huang) and Ms. Wong Hang Kuen (another sister of Mr. Huang) (collectively referred to as the "Huang's Family") before the acquisition of the Green Global Group in March 2013. Upon completion of the acquisition of the Green Global Group, CD Enterprises was owned as to 70% by the investment holding companies owned by the Huang's Family and 30% by the 9 individual shareholders of Duke Glory, who were the then beneficial shareholders of Green Global (the "Green Global Shareholders").

To effect the Group Reorganisation, on 9 February 2015, each of the investment holding companies owned by the Huang's Family and the Green Global Shareholders transferred their respective shareholdings in CD Enterprises, which in aggregate amounting to HK$780,000, to the Company in consideration of the allotment and issuance of the Company's shares. Upon completion of the transfer, the Company became the holding company of CD Enterprises on 9 February 2015.

The Group resulting from the Group Reorganisation, which involves interspersing the Company between CD Enterprises and the then shareholders of CD Enterprises, is regarded as a continuing entity. Accordingly, the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 March 2015 and 31 March 2014 have been prepared to include the results and cash flows of the companies now comprising the Group as if the group structure upon the completion of the Group Reorganisation had been in existence for both years, except for the Green Global Group distributed by the Group during the year ended 31 March 2014 as disclosed in note 33 which is included in the consolidated financial statements up to the date of distribution by the Group. The consolidated statement of financial position of the Group as at 31 March 2014 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date, except for the Green Global Group distributed by the Group during the year ended 31 March 2014 as disclosed in note 33 which is included in the consolidated financial statements up to the date of distribution by the Group.

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

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued a number of amendments and interpretation which are effective for the Group's accounting periods beginning on 1 April 2014. For the purpose of preparing and presenting the consolidated financial statements for each of the two years ended 31 March 2015, the Group has adopted all these amendments and interpretation consistently throughout each of the two years ended 31 March 2015.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

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

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

HKFRS 9	Financial instruments[6]
HKFRS 14	Regulatory deferral accounts[3]
HKFRS 15	Revenue from contracts with customers[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[4]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to HKAS 1	Disclosure initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[4]
Amendments to HKAS 19	Defined benefit plans: Employees contributions[1]
Amendments to HKAS 27	Equity method in separate financial statements[4]

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 July 2014 with limited exceptions.
3 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
4 Effective for annual periods beginning on or after 1 January 2016.
5 Effective for annual periods beginning on or after 1 January 2017.
6 Effective for annual periods beginning on or after 1 January 2018.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedging accounting. Another revised version of HKFRS 9 was issued in September 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 that are relevant to the Group are described as follows:

All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. Furthermore, HKFRS 9 requires certain simple debt instruments to be measured at FVTOCI when certain requirements are met. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

In relation to the impairment of financial assets, HKFRS 9 adopts an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future will affect the classification and measurement of the Group's financial assets but unlikely affect the Group's financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detail analysis.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

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

HKFRS 15 "Revenue from contracts with customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company have yet to perform a detailed review on the potential impacts of HKFRS 15. Hence, it is not practicable to provide a reasonable estimate of the financial effect and the relevant disclosures at this juncture.

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

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, and in accordance with the following accounting policies which conform to HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follow:

- Level 1 inputs are quoted price (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset and liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

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

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

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

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

Property, plant and equipment

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Inventories

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

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

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

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

Financial assets at FVTPL
Financial assets at FVTPL represent financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the other gains (losses) line item in the consolidated statement of profit or loss and other comprehensive income.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from shareholders and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Equity securities held by the Group that are classified as available-for-sale investments and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

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

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

For loans and receivables, objective evidence of impairment could include:

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

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

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

When an available-for-sale equity investment is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

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

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

Financial liabilities and equity instruments
Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Distribution in specie
Where the Group distributes non-cash assets to its equity holders and the aforesaid non-cash assets will be ultimately controlled by the same party or parties before and after the distribution, the distribution is measured at the carrying amounts of such non-cash assets.

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

Interest expense is recognised on an effective interest basis.

Financial liabilities
Financial liabilities including trade and other payables, amounts due to directors, amounts due to related companies and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments
Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible and intangible assets other than goodwill
At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on tangible and intangible assets other than goodwill (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in term of historical cost in a foreign currency are not retranslated.

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the group entities are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of. For disposal of a group entity that is not a foreign operation, the exchange differences are released to accumulated profits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to government-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Equity-settled share-based payment transactions

Shares issued in exchange for a group of assets and liabilities are measured at fair value of the group of assets and liabilities obtained or assumed. The fair value of the group of assets and liabilities obtained or assumed are recognised as assets and liabilities of the Group at their respective fair values.

Taxation

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the amounts due to related companies, amounts due to directors and bank borrowings disclosed in notes 27, 28 and 30, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued capital, reserves and accumulated profits (losses).

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Available-for-sale investments	**820**	350
Loans and receivables (including cash and cash equivalents)	**74,502**	28,469
Financial liabilities		
Amortised cost	**47,933**	97,167
Derivative financial instruments	**–**	1,135
Obligations under a finance lease	**605**	936

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade receivables, amounts due from shareholders, bank balances and cash, trade payables, amounts due to related companies, amounts due to directors, bank borrowings and derivative financial instruments. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Foreign currency risk

The carrying amounts of the Group's monetary assets (mainly include bank balances and amounts due from shareholders) and monetary liabilities (mainly include obligations under a finance lease, bank borrowings and amounts due to directors and related companies) denominated in foreign currencies of HK$, Renminbi ("RMB") and US$, i.e. currency other than the functional currency of the respective group entities, at the end of the reporting period are as follows:

	2015 HK$'000	2014 HK$'000
Assets		
HK$ against US$	**52,170**	1,685
RMB against US$	**120**	122
US$ against RMB	**4,233**	4,641
Liabilities		
HK$ against US$	**7,590**	49,323

The Group manages its foreign currency risk by closely monitoring the movements of foreign currency exchange rates. Management manages foreign currency exposure by entering into foreign exchange forward contracts. The Group does not currently designate any hedge relationship on the foreign exchange forward contracts for the purpose of hedge accounting.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency of the group entities (i.e. RMB) against relevant foreign currency (i.e. US$). 5% is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign currency rate. The sensitivity analysis includes only outstanding US$ denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change. The sensitivity analysis excludes balances which are denominated in HK$ since HK$ is pegged to US$ and balances denominated in RMB as the amount involved is not significant. A negative number indicates a decrease in post-tax profit for the year or an increase in post-tax loss for the year when RMB strengthens 5% against US$. For a 5% weakening of RMB against US$, there would be an equal but opposite impact on the post-tax profit or loss for the year.

	2015 HK$'000	2014 HK$'000
US$ against RMB		
Post-tax profit or loss for the year	**(159)**	(174)

In addition, the Group is exposed to currency risk concerning intra-group balances amounted to HK$576,000 as at 31 March 2015 (2014: HK$1,119,000), which are denominated in US$, a currency other than the functional currency of the relevant group entity (i.e. RMB). When RMB strengthens against US$, post-tax profit for the year ended 31 March 2015 would decrease by HK$22,000 (2014: post-tax loss for the year would increase by HK$42,000).

The Group is also exposed to foreign currency risk through its derivative financial instruments. No sensitivity analysis has been presented as the amount is insignificant.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk
The Group is exposed to cash flow interest rate risk in relation to bank balances and bank borrowings (see notes 24 and 30 for details of these balances). Interest charged on the Group's borrowings are at variable rates and are mainly at the Hong Kong Prime lending rates of the lending banks. The Group is also exposed to fair value interest rate risk in relation to obligations under a finance lease and the amount involved is insignificant. The Group currently does not have a policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings. The analysis is prepared assuming that the amount of liabilities outstanding at the end of each reporting period were outstanding for the whole year. 100 basis point increase or decrease represent the management's assessment of the reasonably possible change in interest rates of bank borrowings. No sensitivity analysis is presented for bank balances as the management of the Group considered the Group's exposure to cash flow interest rate risk in respect of bank balances is not material.

If interest rates on bank borrowings had been 100 basis points higher/lower and all other variables were held constant, the potential effect on the Group's post-tax profit or loss for the year is as follows:

	2015 **HK$'000**	2014 HK$'000
(Decrease) increase in post-tax profit or (increase) decrease in post-tax loss for the year		
– as a result of increase in interest rate	**(281)**	(315)
– as a result of decrease in interest rate	**281**	315

Price risk
The Group is exposed to price risk through its investments in equity securities listed in the PRC. The Group currently does not have a policy to hedge such risk. The management of the Group considered that the exposure to price risk on investments in equity securities listed in PRC at the end of each of the reporting period was not significant. Hence, no sensitivity analysis is presented.

Credit risk
The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2015 in relation to each class of recognised financial assets is the carrying amount of these assets as stated in the consolidated statement of financial position.

As at 31 March 2015, the Group has concentration of credit risk as 23% and 95% (2014: 41% and 98%) of trade receivables were due from the Group's largest customer and five largest customers. The Group's concentration of credit risk by geographical location is mainly in Japan, which accounted for 95% (2014: 98%) of trade receivables as at 31 March 2015.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group usually accepts letters of credit issued by commercial banks to facilitate payment in its trade with overseas customers. Most of the sales are settled by letters of credit. The credit risk is limited as the letters of credit are issued by banks with high credit ratings. For other customers, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group also has concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings. The credit risk for bank deposits is considered minimal as such amounts are placed in banks with high credit ratings.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity date for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of each reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments is prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

Liquidity and interest risk tables

	Weighted average interest rate %	**On demand HK$'000**	**0-3 months HK$'000**	**3 months to 1 year HK$'000**	**1-5 years HK$'000**	**Total undiscounted cash flows HK$'000**	**Carrying amounts HK$'000**
At 31 March 2015							
Trade payables	**N/A**	**–**	**12,865**	**1,388**	**–**	**14,253**	**14,253**
Obligations under a finance lease	**1.68**	**–**	**89**	**267**	**267**	**623**	**605**
Bank borrowings – variable rate	**4.88**	**33,680**	**–**	**–**	**–**	**33,680**	**33,680**
		33,680	**12,954**	**1,655**	**267**	**48,556**	**48,538**

	Weighted average interest rate %	On demand HK$'000	0-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
At 31 March 2014							
Trade payables	N/A	–	17,368	3,065	–	20,433	20,433
Amounts due to related companies	N/A	15,241	–	–	–	15,241	15,241
Amounts due to directors	N/A	23,793	–	–	–	23,793	23,793
Obligations under a finance lease	1.68	–	89	267	623	979	936
Bank borrowings – variable rate	4.81	37,700	–	–	–	37,700	37,700
		76,734	17,457	3,332	623	98,146	98,103
Derivative financial instruments – gross settlement							
Foreign exchange forward contracts							
– inflow	N/A	–	26,986	38,391	–	65,377	64,895
– outflow	N/A	–	(27,366)	(39,154)	–	(66,520)	(66,030)
		–	(380)	(763)	–	(1,143)	(1,135)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

Bank borrowings with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at 31 March 2015, the aggregate carrying amounts of these bank borrowings amounted to HK$33,680,000 (2014: HK$37,700,000). Taking into account the Group's financial position, the management of the group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the group believes that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements and the principal and interest cash outflows according to the scheduled repayment dates are set out as follows:

	Weighted average interest rate %	Less than 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
Bank borrowings						
At 31 March 2015	**4.88**	**29,428**	**2,734**	**2,050**	**34,212**	**33,680**
At 31 March 2014	4.81	31,153	2,734	4,784	38,671	37,700

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair value

Information of the Group's financial instruments measured at fair value subsequent to initial recognition on a recurring basis is set out below.

Financial assets	2015	2014	Fair value hierarchy	Valuation techniques and key input(s)
Available-for-sale investments (note 19)	Listed equity securities in the PRC – HK$820,000	Listed equity securities in the PRC – HK$350,000	Level 1	Quoted bid prices in active market
Foreign exchange forward contracts (note 26)	N/A	HK$(1,135,000)	Level 2	Discounted cash flows. Future cash flows are estimated based on forward currency exchange rate (from observable yield curves at the end of the reporting period) and contracted foreign currency exchange rate discounted at an applicable discount rate taking into account the credit risk of the counterparties and of the Group as appropriate

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

There was no transfer between Level 1 and 2 for both years.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

7. REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on sourcing, manufacturing and sale of plywood products during both years which constitutes the Group's continuing operations. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs. The directors of CD Enterprises (before completion of the Group Reorganisation) and the executive directors of the Company (after completion of the Group Reorganisation) have been identified as the chief operating decision maker ("CODM"). The CODM reviews the Group's revenue analysis by products and by the geographical location of delivery of goods in order to assess performance and allocation of resources.

During the year ended 31 March 2014, the Group has also engaged in an eucalyptus plantation project in Lao People's Democratic Republic ("Lao PDR") which was discontinued upon the distribution of the entire equity interest of Green Global (see note 33). This discontinued operation did not generate any revenue during the the year ended 31 March 2014.

Other than revenue analysis of the continuing operations, no operating results and other discrete financial information is available for the assessment of performance by respective major products and customers. The CODM reviews the results of the Group as a whole to make decisions. Accordingly, other than entity wide information, no other segment analysis is presented.

Entity wide information is as follows:

Revenue from its major products

The following is an analysis of the Group's revenue from its major products:

	2015 HK$'000	2014 HK$'000
General plywood	261,889	247,387
Packing plywood	26,319	22,314
Structural panel	2,552	2,669
Floor base	16,219	6,386
Others	1,311	3,035
	308,290	281,791

Geographical information

Information about the Group's revenue from external customers presented based on the geographical location of delivery of goods is as below:

	2015 HK$'000	2014 HK$'000
Japan	275,756	225,677
Thailand	15,096	24,581
South Korea	558	14,511
Hong Kong	10,157	10,764
Other countries	6,723	6,258
	308,290	281,791

The Group has operations in two principal geographical areas – Hong Kong and PRC during both years.

Information about the Group's non-current assets (excluding available-for-sale investments) presented based on the location of the non-current assets is as below:

	2015 HK$'000	2014 HK$'000
Hong Kong	835	1,101
PRC	29,341	30,675
	30,176	31,776

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group during both years are as below:

	2015 HK$'000	2014 HK$'000
Customer A (note)	**100,772**	58,075
Customer B (note)	**75,029**	67,187

Note: Revenue from sale of general plywood, packing plywood, structural panel and floor base products.

8. OTHER INCOME

Continuing operations

	2015 HK$'000	2014 HK$'000
Interest income	**10**	17
Sales of scrap materials	**391**	–
Sundry income	**–**	13
	401	30

9. OTHER LOSSES

Continuing operations

	2015 HK$'000	2014 HK$'000
Fair value gain (loss) on derivative financial instruments	**1,217**	(2,009)
Gain on disposal of available-for-sale investments	**106**	–
Loss on disposal/written off of property, plant and equipment	**(129)**	(45)
Net exchange losses	**(2,473)**	(521)
	(1,279)	(2,575)

10. FINANCE COSTS

Continuing operations

	2015 HK$'000	2014 HK$'000
Interests on bank borrowings wholly repayable within five years	**1,085**	758
Interests on a finance lease	**25**	47
	1,110	805

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

11. PROFIT (LOSS) BEFORE TAXATION

	2015 HK$'000	2014 HK$'000
Profit (loss) before taxation from continuing operations has been arrived at after charging:		
Directors' remuneration (note 12)	**3,570**	3,076
Other staff costs	**20,259**	22,525
Retirement benefit schemes contributions for other staff	**1,598**	1,861
Total staff costs	**25,427**	27,462
Auditors' remuneration	**918**	76
Release of prepaid lease payment	**402**	–
Cost of inventories recognised as expense	**264,884**	242,824
Depreciation of property, plant and equipment		
– owned assets	**2,325**	2,804
– leased assets	**262**	240
	2,587	3,044
Operating lease rentals in respect of rented premises	**2,231**	2,229

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit schemes contributions HK$'000	Total HK$'000
For the year ended 31 March 2015					
Executive directors					
Mr. Huang	–	1,120	275	25	1,420
Ms. Wong Sut Keng	–	851	209	23	1,083
Ms. Wong Hang Kuen	–	784	192	23	999
Mr. Yeung Hung Yuen	–	20	–	1	21
Mr. Huo Liang (note)	–	–	–	–	–
Independent non-executive directors					
Mr. Chan Kai Nang	15	–	–	1	16
Mr. Ho Chee Mun	15	–	–	–	15
Mr. Yuen Kim Hung Michael	15	–	–	1	16
	45	2,775	676	74	3,570

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (continued)

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefit schemes contributions HK$'000	Total HK$'000
For the year ended 31 March 2014					
Executive directors					
Mr. Huang	–	1,056	176	15	1,247
Ms. Wong Sut Keng	–	803	134	15	952
Ms. Wong Hang Kuen	–	739	123	15	877
Mr. Yeung Hung Yuen (note)	–	–	–	–	–
Mr. Huo Liang (note)	–	–	–	–	–
Independent non-executive directors					
Mr. Chan Kai Nang (note)	–	–	–	–	–
Mr. Ho Chee Mun (note)	–	–	–	–	–
Mr. Yuen Kim Hung Michael (note)	–	–	–	–	–
	–	2,598	433	45	3,076

Mr. Huang is the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

The discretionary bonus is determined with reference to the operating results, individual performance and market condition during both years.

Note: Mr. Yeung Hung Yuen and Mr. Huo Liang were appointed by the Company as executive directors on 16 September 2013. Mr. Huo Liang resigned as an executive director of the Company on 6 June 2014. Mr. Chan Kai Nang, Mr. Ho Chee Mun and Mr. Yuen Kim Hung Michael were appointed by the Company as independent non-executive directors on 16 September 2013.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2014: three) of them are directors of the Company for the year ended 31 March 2015 whose emoluments are included in the disclosures above. The emoluments of the remaining two (2014: two) individuals are as below:

	2015 HK$'000	2014 HK$'000
Employees		
– salaries and allowances	**999**	948
– discretionary bonus	**246**	158
– retirement benefit schemes contributions	**40**	30
	1,285	1,136

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(b) Employees' emoluments (continued)

Their emoluments were within the following band:

	Number of employees	
	2015	2014
Nil to HK$1,000,000	**2**	2

During both years, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees), as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during both years.

13. TAXATION

Continuing operations

	2015 **HK$'000**	2014 HK$'000
Current tax		
Hong Kong Profits Tax	**855**	–
PRC Enterprise Income Tax	**2,666**	2,820
	3,521	2,820
Deferred taxation (note 31)		
Charge for the year	**357**	314
	3,878	3,134

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

Under the Law on EIT of the PRC, the statutory tax rate of the PRC subsidiaries is 25%.

The taxation charge for the year can be reconciled to the profit (loss) before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 **HK$'000**	2014 HK$'000
Profit (loss) before taxation	**5,997**	(5,832)
Tax charge (credit) at the applicable income tax rate of 16.5%	**990**	(962)
Tax effect of expenses not deductible for tax purposes	**1,526**	3,002
Tax effect of tax losses not recognised	**565**	49
Utilisation of tax losses previously not recognised	**(35)**	–
Effect of different tax rate of subsidiaries operating in other jurisdictions	**566**	744
Withholding tax for undistributed profits of a PRC subsidiary	**286**	314
Reduction of Hong Kong Profits Tax	**(20)**	(13)
Taxation charge for the year	**3,878**	3,134

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

14. DIVIDEND

There was no dividend declared by the Group during both years, except for the distribution in specie of shares in a subsidiary with details set out in notes 15 and 33.

15. DISCONTINUED OPERATION

As part of the Group Reorganisation, the directors of CD Enterprises passed a resolution on 28 February 2014 to declare a payment of dividend to be satisfied by way of distribution in specie of the entire equity interest of Green Global to the shareholders of CD Enterprises. The distribution in specie was completed on 28 February 2014 and the net assets of the Green Global Group at the date of distribution was HK$12,061,000. Information of the net assets of the Green Global Group derecognised is set out in note 33.

The Green Global Group carried out the Group's eucalyptus plantation project and the loss from the eucalyptus plantation project during the period from 1 April 2013 to 28 February 2014 is set out below.

	HK$'000
Loss of plantation of eucalyptus operation for the period	(3,963)

Lao PDR Profits Tax is calculated at 24% on the estimated assessable profits during the period from 1 April 2013 to 28 February 2014. No provision for the Lao PDR Profits Tax has been made in the consolidated financial statements as the Group did not have any assessable profit in Lao PDR for the period.

The results of the plantation of eucalyptus operation for the period from 1 April 2013 to 28 February 2014, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	HK$'000
Administrative expenses	(3,328)
Other expenses	(635)
Loss for the period	(3,963)
Loss for the period from discontinued operation includes the followings:	
Other staff costs	235
Retirement benefit schemes contributions	2
	237
Amortisation of intangible asset	635
Depreciation of property, plant and equipment	48
Operating lease rentals in respect of rented premises	459

During the year ended 31 March 2014, the Green Global Group contributed cash outflows of HK$3,358,000 to the Group's net operating cash flows, cash outflows of HK$5,000 in respect of investing activities and cash inflows of HK$2,930,000 in respect of financing activities.

16. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the year from continuing and discontinued operations is based on the consolidated profit attributable to owners of the Company of HK$2,119,000 (2014: loss of HK$13,764,000) and the weighted average number of 127,645,743 (2014: 119,483,830) ordinary shares in issue during the year which is calculated on the assumption that the Group Reorganisation has been effective on 1 April 2013, and has been adjusted to reflect the capitalisation issue of 148,744,600 ordinary shares of HK$0.01 each on 23 February 2015.

The calculation of the basic earnings (loss) per share for the year from continuing operations is based on the consolidated profit attributable to owners of the Company of HK$2,119,000 (2014: loss of HK$9,920,000) and the denominator detailed above. Basic loss per share from discontinued operation in 2014 is HK$3.22 cents per share, based on the consolidated loss attributable to owners of the Company of HK$3,844,000 from discontinued operation (2015: nil) and the denominator detailed above.

No diluted earnings per share is presented as there are no potential ordinary shares during both years.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

17. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2013	15,144	1,009	488	2,791	19,432
Exchange adjustments	163	11	4	29	207
Additions	3,489	355	184	1,634	5,662
Disposals/written off	(175)	–	(10)	(348)	(533)
Distribution in specie of shares in a subsidiary (note 33)	–	–	(49)	(44)	(93)
At 31 March 2014	18,621	1,375	617	4,062	24,675
Exchange adjustments	40	3	1	6	50
Additions	1,002	–	81	310	1,393
Disposals/written off	(101)	–	(21)	(73)	(195)
At 31 March 2015	19,562	1,378	678	4,305	25,923
DEPRECIATION					
At 1 April 2013	5,423	613	323	603	6,962
Exchange adjustments	58	7	3	6	74
Provided for the year	2,028	466	81	517	3,092
Eliminated on disposals/written off	(79)	–	(9)	(107)	(195)
Distribution in specie of shares in a subsidiary (note 33)	–	–	(21)	(37)	(58)
At 31 March 2014	7,430	1,086	377	982	9,875
Exchange adjustments	16	2	1	2	21
Provided for the year	1,820	193	50	524	2,587
Eliminated on disposals/written off	(14)	–	(19)	(33)	(66)
At 31 March 2015	9,252	1,281	409	1,475	12,417
CARRYING VALUES					
At 31 March 2015	10,310	97	269	2,830	13,506
At 31 March 2014	11,191	289	240	3,080	14,800

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Plant and machinery	10%-25%
Leasehold improvements	Over the shorter of the term of the lease or 10%-15%
Furniture, fixtures and equipment	10%-33%
Motor vehicles	10%-25%

The carrying value of motor vehicles at 31 March 2015 included an amount of HK$807,000 (2014: HK$1,069,000) in respect of asset held under a finance lease.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

18. PREPAID LEASE PAYMENT

Prepaid lease payment represents a land use right with carrying amount of HK$16,853,000 (2014: HK$17,216,000) which is located in the PRC with medium term lease.

	2015 HK$'000	2014 HK$'000
Analysed for reporting purposes as:		
Current assets	**346**	402
Non-current assets	**16,507**	16,814
	16,853	17,216

19. AVAILABLE-FOR-SALE INVESTMENTS

	2015 HK$'000	2014 HK$'000
Equity securities listed in the PRC	**820**	350

They are measured at fair values at the end of each reporting period.

20. INTANGIBLE ASSET

	Plantation right HK$'000
COST	
At 1 April 2013	18,000
Distribution in specie of shares in a subsidiary (note 33)	(18,000)
At 31 March 2014 and 2015	–
AMORTISATION	
At 1 April 2013	–
Charge for the year	635
Distribution in specie of shares in a subsidiary (note 33)	(635)
At 31 March 2014 and 2015	–
CARRYING VALUES	
At 31 March 2014 and 2015	–

In March 2013, the Group obtained a right granted by the local authorities of the Lao PDR government through the acquisition of Green Global to conduct an eucalyptus plantation project with a growing area equals to approximately 20,000 hectares located in Xiengkhuang Province, the Lao PDR. The management of the Group prepared an eucalyptus plantation plan by reference to the existing local government policy in Lao PDR, and estimated the plantation project will last up to 2038.

Amortisation was charged on a straight-line basis over the estimated eucalyptus plantation project period up to 2038.

Through the distribution in specie of the entire equity interest in Green Global which holds Lao Agro Promotion Co., Ltd. ("Lao Agro"), the Group derecognised the plantation right with carrying amount of HK$17,365,000 on date of distribution.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

21. INVENTORIES

	2015 HK$'000	2014 HK$'000
Raw materials	**25,797**	26,379
Work in progress	**6,214**	5,725
Finished goods	**8,342**	11,616
	40,353	43,720

22. TRADE AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	**9,280**	6,847
Deposits to suppliers	**3,404**	4,790
Value-added tax receivables	**810**	1,986
Prepayments and other deposits	**253**	615
Total trade and other receivables	**13,747**	14,238

The Group usually accepts letters of credit issued by commercial banks to facilitate payment in its trade with overseas customers and no credit period is granted to these customers. For other customers, credit period ranging from 30-90 days is granted from date of delivery of goods. Most of the sales are settled by letters of credit. The following is an aged analysis of trade receivables presented based on the invoice date (which approximated the respective revenue recognition dates) at the end of each reporting period:

	2015 HK$'000	2014 HK$'000
Within 30 days	**9,135**	6,847
31 to 60 days	**145**	–
	9,280	6,847

Management of the Group closely monitors the credit quality of trade receivables and considers the debtors that are neither past due nor impaired to be of a good credit quality. Before accepting any new customers, the Group's management shall be responsible for assessment of the potential customers' credit quality and determination of credit limits and credit approvals for customers. Credit limits attributed to customers are reviewed periodically. At 31 March 2015, the trade receivables with carrying amounts of HK$9,010,000 (2014: HK$6,663,000) are supported by the letters of credit. The management considered that the credit risk is limited on those trade receivables as the letters of credit are from banks with high credit ratings. For local customers, impairment is made for trade debtors in severe financial difficulties. The Group does not hold any collateral over these balances.

Except for the above trade receivables supported by letters of credit which are past due for a period within 30 days but not impaired, none of the remaining trade receivables are past due at the end of each reporting period. The credit risk on the trade receivables has been discussed in note 6.

The Group has discounted export bills under letters of credit of HK$6,848,000 (2014: HK$6,497,000) at 31 March 2015 to commercial banks for cash with full recourse. As the Group has not transferred the significant risks and rewards relating to these export bills, it continues to recognise the full carrying amount of the trade receivables. Accordingly, the Group continued to include the full amount of these discounted export bills under letters of credit in trade receivables at amortised cost in the consolidated financial statements and recognised the cash received as secured borrowings (see note 30) until settlements are received from customers.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

The followings are the financial assets of the Group transferred to banks which did not qualify for derecognition in their entirety at the end of each reporting period:

	Export bills discounted to banks with full recourse	
	2015	2014
	HK$'000	HK$'000
Carrying amount of transferred assets	**6,848**	6,497
Carrying amount of associated liabilities	**6,848**	6,497

23. AMOUNTS DUE FROM SHAREHOLDERS

The amounts as at the end of each reporting period, also being the maximum amount outstanding, represent the receivables from the investment holding companies owned by the Huang's Family and the Green Global Shareholders and are unsecured, interest-free, repayable on demand and denominated in HK$, a currency other than the functional currency of the Company.

24. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates of 0.01% to 0.39% per annum as at 31 March 2015 (2014: 0.01% to 0.50% per annum).

Included in bank balances are the following amounts denominated in currencies other than the functional currencies of the respective group entities:

	2015	2014
	HK$'000	HK$'000
HK$	**52,160**	1,675
RMB	**120**	122
US$	**4,233**	4,641

As at 31 March 2015, Jiangmen Changda maintained bank balances in RMB of HK$3,614,000 (2014: HK$8,238,000). RMB is not a freely convertible currency in the international market. The exchange rate of RMB is regulated by the government and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

25. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	HK$'000
Trade payables (note)	**14,253**	20,433
Accrued staff costs	**4,006**	5,325
Accrued listing expenses	**660**	2,427
Accrued expenses	**2,446**	2,238
Deposits received from customers	**1,481**	822
Total trade and other payables	**22,846**	31,245

Note: At 31 March 2015, included in the trade payables was an amount of HK$302,000 (2014: HK$302,000) payable to Prosperity Materials International Limited ("PMIL"), a related company which is controlled by a close family member of Huang's Family. The amount was aged over 1 year.

The credit period of trade payables is 30 to 180 days.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

25. TRADE AND OTHER PAYABLES (CONTINUED)

The following is an aged analysis of trade payables based on the invoice date at the end of each reporting period:

	2015 HK$'000	2014 HK$'000
Within 30 days	**4,307**	12,962
31 to 60 days	**4,121**	5,330
61 to 90 days	**2,917**	1,443
Over 90 days	**2,908**	698
	14,253	20,433

26. DERIVATIVE FINANCIAL INSTRUMENTS

	2015 HK$'000	2014 HK$'000
Derivatives not under hedge accounting		
Foreign currency forward contracts	**–**	(1,135)

The Group entered into a number of foreign exchange forward contracts with a commercial bank in the PRC. Such contracts were entered into as part of the Group's treasury operation for the purpose of managing and mitigating the foreign exchange risk exposure between US$ and RMB.

Major terms of the foreign currency forward contracts are as follows:

At 31 March 2014

Notional amount	**Exercise period**	**Forward contract rate**
6 contracts to sell US$8,500,000 (gross settlement)	From 8/4/2014 to 25/9/2014	US$1/RMB6.11 to US$1/RMB6.14

The Group could exercise the foreign currency contracts within a specified period upon presenting these contracts to the bank.

The fair value of these contracts was determined based on the valuation performed by LCH (Asia-Pacific) Surveyors Limited, an independent valuer of the Group which is located at 17th Floor, Champion Building, 287-291 Des Voeux Road Central, Hong Kong.

The key inputs into the model at the respective dates were as follows:

	2015	2014
RMB risk-free interest rate	**N/A**	1.92% to 2.99%
US$/RMB market forward rate	**N/A**	US$1/RMB6.22 to US$1/RMB6.23

27. AMOUNTS DUE TO RELATED COMPANIES

	2015 HK$'000	2014 HK$'000
PMIL	**–**	13,501
Cheong Sing Merchandise Agency Limited ("Cheong Sing Merchandise")	**–**	1,740
	–	15,241

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

27. AMOUNTS DUE TO RELATED COMPANIES (CONTINUED)

The amounts represented advances from related companies, controlled by a close family member of the Huang's Family, which were unsecured, interest-free and repayable on demand. All amounts were denominated in HK$, a currency other than the functional currencies of the respective group entities. An aggregate amount of HK$15,195,000 was assigned to the investment holding companies owned by the Huang's Family during the year ended 31 March 2015 and then capitalised as set out in note 34(b).

28. AMOUNTS DUE TO DIRECTORS

	2015 HK$'000	2014 HK$'000
Mr. Huang	–	7,790
Ms. Wong Sut Keng	–	2,579
Ms. Wong Hang Kuen	–	13,424
	–	23,793

The amounts represented advances from directors of the Company which were unsecured, interest-free and repayable on demand. At 31 March 2014, HK$23,782,000 (2015: nil) was denominated in HK$, a currency other than the functional currencies of the respective group entities. An aggregate amount of HK$18,160,000 was capitalised during the year ended 31 March 2015 as set out in note 34(b).

29. OBLIGATIONS UNDER A FINANCE LEASE

	Minimum lease payments		**Present value of minimum lease payments**	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Amounts payable under a finance lease:				
Within one year	**356**	356	**342**	331
More than one year but not more than two years	**267**	356	**263**	342
More than two years but not more than five years	**–**	267	**–**	263
	623	979	**605**	936
Less: Future finance charges	**(18)**	(43)		
Present value of lease obligations	**605**	936		
Less: Amount due for settlement within one year (shown under current liabilities)			**(342)**	(331)
Amount due for settlement after one year			**263**	605

During the year ended 31 March 2014, the Group acquired a motor vehicle under a finance lease. The lease term is 4 years. Interest rate underlying the obligations under a finance lease is fixed at contract date of 1.68% per annum. The lease has no terms of renewal or escalation clauses. No arrangements have been entered into for contingent rental payments.

The financial lease obligations are denominated in HK$, a currency other than the functional currency of the relevant group entity.

The Group's obligations under a finance lease are secured by the lessor's charge over the leased asset.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

30. BANK BORROWINGS

	2015 HK$'000	2014 HK$'000
Bank loans	**26,832**	31,203
Discounted export bills with recourse	**6,848**	6,497
	33,680	37,700
Secured	**6,848**	6,497
Unsecured	**26,832**	31,203
	33,680	37,700
Carrying amount of bank borrowings that are repayable within one year and contain a repayable on demand clause*	**29,119**	30,715
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayable on demand clause (shown under current liabilities)		
– More than one year but not exceeding two years*	**2,555**	2,424
– More than two years but not exceeding five years*	**2,006**	4,561
	4,561	6,985
	33,680	37,700

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The above bank borrowings bear interests at Hong Kong Prime lending rates of the respective leading banks plus 0.5% to 2% per annum for both years.

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings at the end of each reporting period is as follows:

	2015	2014
Effective interest rates (per annum):		
Variable-rate borrowings	**3.25%-7.00%**	3.25%-7.00%

Details of the pledged assets to secure the bank borrowings are set out in note 36.

Details of bank borrowings guaranteed by directors and related parties are set out in note 39.

Included in bank borrowings is the following amount denominated in a currency other than the functional currencies of the respective group entities:

	2015 HK$'000	2014 HK$'000
HK$	**6,985**	9,364

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

31. DEFERRED TAXATION

The following is information about the Group's deferred tax liability recognised and movements thereon during both years:

	Accelerated tax depreciation HK$'000	Withholding tax on undistributed profits HK$'000	Total HK$'000
At 1 April 2013	–	–	–
Charge for the year	–	314	314
At 31 March 2014	–	314	314
Charge for the year	71	286	357
At 31 March 2015	71	600	671

As at 31 March 2015, the Group has unutilised tax losses of HK$2,963,000 (2014: HK$270,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to unpredictability of future profits as at 31 March 2015 and 2014, respectively. Such unutilised tax losses may be carried forward indefinitely.

32. CAPITAL

The capital as at 1 April 2013 represents the share capital of CD Enterprises and the capital as at 31 March 2014 represents the combined share capital of the Company and CD Enterprises.

Details of the share capital of the Company are as follows:

Ordinary shares

	Number of shares	Amount HK$
Authorised:		
On 7 August 2013 (date of incorporation), at HK$0.10 each	3,800,000	380,000
Increase during the period at HK$0.10 each	996,200,000	99,620,000
Increase pursuant to the Sub-division	9,000,000,000	–
At 31 March 2014 and 2015, at HK$0.01 each	10,000,000,000	100,000,000

	Number of shares	Amount HK$	Shown in the consolidated financial statements HK$'000
Issued and fully paid:			
Issued and allotted on 7 August 2013 (date of incorporation) at HK$0.10 each	1	–	–
Issue of shares at HK$0.10 each	99,999	10,000	10
Issue of shares pursuant to the Sub-division (note d)	900,000	–	–
At 31 March 2014, at HK$0.01 each	1,000,000	10,000	10
Issue of shares pursuant to the Loan Capitalisation Issue (note e)	255,400	2,554	3
Issue of shares pursuant to the Capitalisation Issue (note f)	148,744,600	1,487,446	1,487
Issue of shares by way of placing (note g)	50,000,000	500,000	500
At 31 March 2015, at HK$0.01 each	200,000,000	2,000,000	2,000

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

32. CAPITAL (CONTINUED)

The movements in the Company's authorised and issued share capital during the period from 7 August 2013 (date of incorporation) to 31 March 2015 are as follows:

(a) The Company was incorporated on 7 August 2013 with an authorised share capital of HK$380,000 divided into 3,800,000 shares of HK$0.10 each and on the same date, 1 share of HK$0.10 was issued at par.

(b) On 7 August 2013, a total of 99,999 shares of HK$0.10 each were allotted and issued, credited as fully paid at par, to the Huang's Family and 9 individual shareholders of the Company.

(c) Pursuant to the resolutions in writing of shareholders passed on 16 September 2013, the authorised share capital of the Company was further increased from HK$380,000 to HK$100,000,000 by the creation of a further 996,200,000 shares of HK$0.10 each.

(d) Pursuant to the resolutions in writing of shareholders passed on 16 September 2013, each issued and unissued share of nominal value of HK$0.10 each in the share capital of the Company were subdivided into ten shares of a nominal value of HK$0.01 each (the "Sub-division"), such that after the Sub-division, the Company's authorised share capital became HK$100,000,000 divided into 10,000,000,000 shares of a nominal value of HK$0.01 each and the Company's total issued share capital became HK$10,000 divided into 1,000,000 shares of a nominal value of HK$0.01 each.

(e) Pursuant to a written resolution passed by the shareholders of the Company on 9 February 2015, the Company issued and alloted 255,400 ordinary shares of HK$0.01 each on 23 February 2015, to the investment holding companies owned by the Huang's Family on a pro rata basis for capitalisation of the amounts due to the directors of HK$18,160,000 and the amounts due to the investment holding companies owned by the Huang's Family of HK$15,195,000 (the "Loan Capitalisation Issue").

(f) Pursuant to a written resolution passed by the shareholders of the Company on 9 February 2015, an amount of HK$1,487,446 standing to the credit of the Company's share premium account was capitalised by applying such sum to pay up in full at par a total of 148,744,600 ordinary shares of HK$0.01 each, allotted and issued, credited as fully paid at par on 23 February 2015, to the investment holding companies owned by the Huang's Family and the Green Global Shareholders on a pro rata basis (the "Capitalisation Issue").

(g) On 23 February 2015, the Company issued 50,000,000 shares of HK$0.01 each at HK$1.20 per share by way of placing. On the same date, the Company's shares were listed on the Growth Enterprise Market of the Stock Exchange.

All ordinary shares of the Company issued since its date of incorporation to 31 March 2015 rank pari passu with the then existing ordinary shares in all respects.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

33. DISTRIBUTION IN SPECIE OF SHARES IN A SUBSIDIARY

As part of the Group Reorganisation, the directors of CD Enterprises passed a resolution on 28 February 2014 to declare a payment of dividend to be satisfied by way of distribution in specie of the entire equity interest of Green Global to the shareholders of CD Enterprises. The distribution in specie was completed on 28 February 2014 and the net assets of Green Global Group at the date of distribution was HK$12,061,000.

Analysis of assets and liabilities which were distributed during the year ended 31 March 2014:

	HK$'000
Property, plant and equipment	35
Intangible assets	17,365
Other receivables	1
Bank balances and cash	8
Other payables	(76)
Advance from Duke Glory	(1,707)
Amount due to a director of CD Enterprises	(3,495)
Amount due to a related company	(70)
Net assets of Green Global Group	12,061
Represented by:	
Net assets attributable to owners of CD Enterprises	12,219
Net assets attributable to non-controlling shareholders	(158)
	12,061
Net cash outflow arising on distribution in specie:	
Bank balances and cash	8

34. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2014, the Group entered into a finance lease arrangement in respect of a motor vehicle with a total capital value at the inception of the lease of HK$1,309,000.

(b) On 9 February 2015, the amounts due to related companies as at 31 January 2015 of HK$15,195,000 were assigned to the investment holding companies owned by the Huang's Family. On 23 February 2015, 255,400 shares of HK$0.01 each were issued and allotted to the directors of the Company and the investment holding companies owned by the Huang's Family for setting off of the amounts due to them as at 31 January 2015 of HK$18,160,000 and HK$15,195,000, respectively.

(c) On 23 February 2015, an amount of HK$1,487,446 standing to the credit of the Company's share premium account was capitalised by applying such sum to pay up in full at par a total of 148,744,600 shares of the Company of HK$0.01 each, allotted and issued, credited as fully paid at par, to the investment holding companies owned by the Huang's Family and the Green Global Shareholders on a pro rata basis.

35. OPERATING LEASE COMMITMENTS

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

	2015 HK$'000	2014 HK$'000
Within one year	**2,148**	2,164
In the second to fifth years inclusive	**3,587**	5,547
	5,735	7,711

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

35. OPERATING LEASE COMMITMENTS (CONTINUED)

Included in above operating lease commitments as at 31 March 2015, HK$276,000 and HK$92,000 is payable within one year and in the second to fifth years inclusive to PMIL (2014: HK$276,000 and HK$368,000).

Operating lease payments represent rentals payable by the Group for its factory and head office. Leases are negotiated for terms ranging from one to ten years (2014: one to ten years).

36. PLEDGE OF ASSETS

At 31 March 2015, the Group's trade receivables of HK$6,848,000 were pledged to secure export bills discounted with full recourse (2014: HK$6,497,000).

37. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees but subject to a maximum amount of HK$1,500 per month for each employee with effect from 1 June 2014 (from 1 April 2013 to 31 May 2014: HK$1,250) to the scheme.

The employees of the Group's subsidiaries in the PRC and Lao PDR are members of state-managed retirement benefit plans operated by the government of the PRC and Lao PDR, respectively. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit plans is to make the specified contributions.

38. INVESTMENT IN SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2015 and 2014 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group		Principal activities
				2015	2014	
CD Enterprises[1]	British Virgin Islands ("BVI")	Hong Kong	US$100,000	**100%**	100%	Investment holding
Chance Rich Trading (Asia) Limited	Hong Kong	N/A	HK$100	**100%**	100%	Inactive
Million Champ Holdings (HK) Ltd.	Hong Kong	Hong Kong	HK$100	**100%**	100%	Sale of plywood products
Million Champ Trading	Hong Kong	Hong Kong	HK$1,000,000	**99.99%**	99.99%	Sale of plywood products and investment holding
Profit Chance Trading (Asia) limited	Hong Kong	Hong Kong	HK$100	**100%**	100%	Sale of plywood products and investment holding
Sunchance International Industrial Limited	Hong Kong	Hong Kong	HK$10,000	**100%**	100%	Sale of plywood products
Jiangmen Changda[2]	PRC	PRC	HK$5,000,000	**99.99%**	99.99%	Sourcing, manufacturing and sale of plywood products
江門市駿東木業有限公司 ("Jiangmen Chance East")[2,3]	PRC	N/A	US$2,500,000	**100%**	100%	Not yet commenced operation

1 Directly held by the Company.

2 These companies were established in the PRC in the form of wholly foreign-owned enterprise.

3 The registered capital of Jiangmen Chance East is US$10,000,000. In March 2014, first capital injection of US$2,500,000 was made and the remaining capital of US$7,500,000 will be injected before 2017 according to the memorandum of association of the subsidiary.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

38. INVESTMENT IN SUBSIDIARIES (CONTINUED)

None of the subsidiaries held any debt securities outstanding at 31 March 2014 and 2015 or at any time during both years.

The table below provides details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Million Champ Trading and its subsidiary (note a)	Hong Kong and PRC	**0.01%**	0.01%	**–**	954	**–**	–
Lao Agro (note b)	Lao PDR	**–**	–	**–**	(119)	**–**	–
						–	–

Notes:

(a) Jiangmen Changda is a wholly-owned subsidiary of Million Champ Trading during both years.

(b) Lao Agro ceased to be a subsidiary of CD Enterprises upon the distribution in specie of the entire equity interest in Green Global on 28 February 2014. Details are set out in note 33.

Summarised consolidated financial statements for 2014 in respect of the Company's subsidiaries that have material non-controlling interests in 2014 is set out below. The summarised consolidated financial statements below represent amounts before elimination of intragroup transactions.

	As at 31 March 2014 HK$'000
Million Champ Trading and its subsidiary	
Non-current assets	14,220
Current assets	63,854
Current liabilities	(67,890)
Non-current liabilities	(314)
Balance of equity	9,870

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

38. INVESTMENT IN SUBSIDIARIES (CONTINUED)

	For the year ended 31 March 2014 HK$'000
Revenue	271,129
Expenses	(265,511)
Profit for the year	5,618
Total comprehensive income for the year	5,104
Net cash inflow from operating activities	4,174
Net cash outflow from investing activities	(3,565)
Net cash outflow from financing activities	(5,093)
Net decrease in cash and cash equivalents	(4,484)

	For the period from 1 April 2013 to 28 February 2014 HK$'000
Lao Agro	
Revenue	–
Expenses	(2,400)
Loss for the period	(2,400)
Total comprehensive expense for the period	(2,400)
Net cash outflow from operating activities	(2,352)
Net cash outflow from investing activities	(5)
Net cash inflow from financing activities	1,929
Net decrease in cash and cash equivalents	(428)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2015

39. RELATED PARTY TRANSACTION

(a) In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had entered into the following related party transaction:

Name of related company	Nature of transaction	2015 HK$'000	2014 HK$'000
PMIL	Rental expenses	**276**	244

(b) As at 31 March 2014, Mr. Huang and Ms. Wong Sut Keng provided unlimited personal guarantees to a bank in respect of the Group's banking facilities of HK$62,700,000. The personal guarantees were released upon the Listing.

(c) As at 31 March 2014, Mr. Wong Ben Koon, a close family member of Huang's Family, provided personal guarantee of HK$12,000,000 to a bank in respect of the Group's banking facilities of HK$12,000,000 and unlimited personal guarantee to a bank in respect of the Group's banking facilities of HK$50,700,000. The personal guarantees were released upon the Listing.

(d) The remuneration of key management personnel for both years was disclosed in note 12.

40. SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted by the Company on 9 February 2015. Pursuant to the Scheme, the directors of the Company may, at their absolute discretion, grant options to any directors, executives or officers, employees, consultants, suppliers, customers, agents, advisers and any other persons who have contributed or will contribute to the Group to subscribe for shares in the Company at a price determined by the directors and not less than the highest of:

(i) The closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant of the options;

(ii) The average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant of the options; and

(iii) The nominal value of the shares of the Company on the date of grant.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue immediately upon completion of the Listing which is 20,000,000 shares. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 30% of the shares of the Company in issue from time to time.

Options granted must be taken up within 14 days of that date of grant, upon payment of HK$1 in aggregate as consideration for the options granted.

No option was granted or exercised under the Scheme during the year ended 31 March 2015 and no option was outstanding as at 31 March 2015.

Statement of Financial Position of the Company

	2015 HK$'000	2014 HK$'000
Non-current assets		
Unlisted investment in a subsidiary	**780**	–
Current assets		
Amounts due from shareholders (note)	**10**	10
Amounts due from subsidiaries	**36,261**	–
Bank balances	**50,130**	8
	86,401	18
Current liabilities		
Accrued expenses	**741**	–
Amount due to a subsidiary (note)	**17,613**	15,330
	18,354	15,330
Net current assets (liabilities)	**68,047**	(15,312)
Net assets	**68,827**	(15,312)
Capital and reserves		
Share capital	**2,000**	10
Reserves	**66,827**	(15,322)
Balance of (deficit in) equity	**68,827**	(15,312)

Note: The amounts are unsecured, interest-free and repayable on demand.

Movement in share capital and reserves of the Company is set out below:

	Share capital HK$'000	**Share premium** HK$'000	**Other reserve** HK$'000 (note)	**Accumulated losses** HK$'000	**Total** HK$'000
At 7 August 2013 (date of incorporation)	10	–	–	–	10
Loss and total comprehensive expense for the period	–	–	–	(15,322)	(15,322)
At 31 March 2014	10	–	–	(15,322)	(15,312)
Loss and total comprehensive expense for the year	–	–	–	(3,611)	(3,611)
Loan capitalisation issue	3	–	33,352	–	33,355
Capitalisation issue	1,487	(1,487)	–	–	–
Effect of share swap pursuant to group reorganisation	–	–	780	–	780
Issue of shares by way of placing	500	59,500	–	–	60,000
Expenses incurred in connection with the issue of shares	–	(6,385)	–	–	(6,385)
At 31 March 2015	2,000	51,628	34,132	(18,933)	68,827

Note: The other reserve of the Company at 31 March 2015 represents deemed capital contribution from the directors and the investment holding companies owned by the Huang's Family on their waiver of aggregate amounts due to them of HK$33,352,000 and the nominal amount of capital of CD Enterprises Company Limited pursuant to the group reorganisation.

Summary of Financial Information

The following is a summary of the published results and of the assets and liabilities of the Group prepared on the basis set out in notes below:

	Year ended 31 March			
	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS				
Continuing operations				
Turnover	**308,290**	281,791	253,815	265,016
Profit (loss) before taxation	**5,997**	(5,832)	9,625	11,733
Taxation	**(3,878)**	(3,134)	(2,362)	(2,549)
Profit (loss) from continuing operations	**2,119**	(8,966)	7,263	9,184
Discontinued operations				
Loss from discontinued operation	**–**	(3,963)	(162)	–
Profit (loss) for the year	**2,119**	(12,929)	7,101	9,184
Attributable to:				
Owners of the Company	**2,119**	(13,764)	3,938	7,590
Non-controlling interests	**–**	835	3,163	1,594
	2,119	(12,929)	7,101	9,184

	As at 31 March			
	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES				
Non-current assets	**30,996**	32,126	31,525	10,636
Current assets	**119,668**	80,701	94,501	63,304
Current liabilities	**58,488**	110,053	98,677	71,896
Non-current liabilities	**934**	919	–	–
Total equity	**91,242**	1,855	27,349	2,044
Attributable to:				
Owners of the Company	**91,242**	1,855	26,498	4,325
Non-controlling interests	**–**	–	851	(2,281)
	91,242	1,855	27,349	2,044

Notes:

(1) The summary of the consolidated results of the Group for each of two years ended 31 March 2012 and 2013 and of the assets and liabilities as at 31 March 2012 and 2013 have been extracted from the prospectus of the Company dated 12 February 2015. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years.

(2) The consolidated results of the Group for each of the two years ended 31 March 2014 and 2015 and the consolidated assets and liabilities of the Group as at 31 March 2014 and 2015 are those set out on pages 24 to 26 of this report. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years.

(3) The financial information for the year ended 31 March 2011 was not disclosed as consolidated financial statements for the Group have not been prepared for that year.

(4) The summary above does not form part of the audited financial statements.