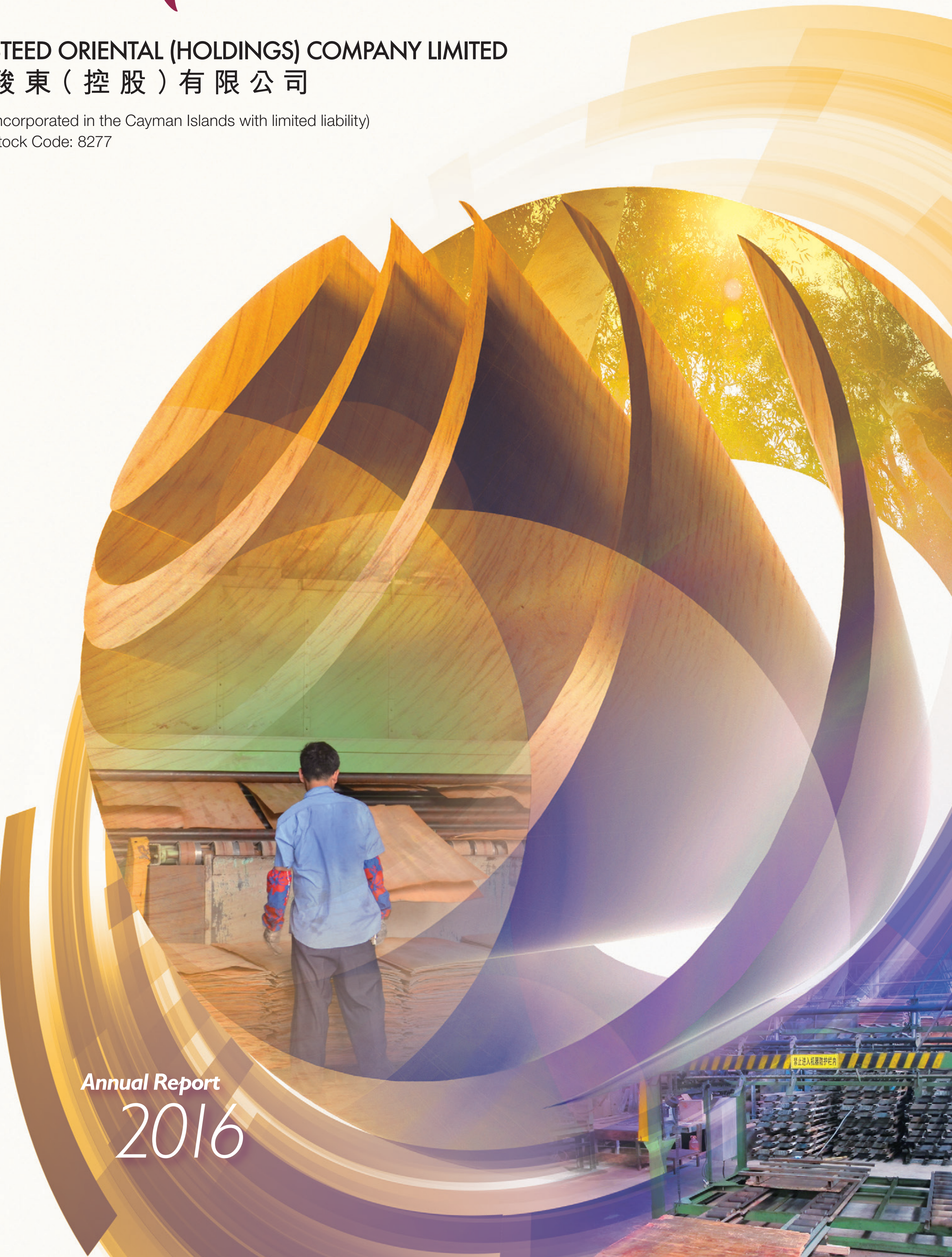
STEED ORIENTAL (HOLDINGS) COMPANY LIMITED
駿東（控股）有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 8277



Annual Report
2016

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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 the 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.

Contents

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

New Spring Capital Limited
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,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22,
Hopewell Centre,
183 Queen's Road East,
Hong Kong

LEGAL ADVISERS

Stephenson Harwood
18/F, United Centre,
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 2016.

PERFORMANCE

For the financial year ended 31 March 2016, the Group recorded a net loss of approximately HK$9.5 million, compared to the net profit of approximately HK2.1 million for the year ended 31 March 2015. For the year ended 31 March 2016, the Group's revenue decreased by approximately 21.5% to approximately HK$242.1 million (2015: approximately HK$308.3 million). The gross profit decreased by approximately 30.9% to approximately HK$30.0 million for the year ended 31 March 2016 (2015: approximately HK$43.4 million). Other losses increased by approximately 159.9% to approximately HK$3.3 million for the year ended 31 March 2016 (2015: approximately HK$1.3 million). Selling and distribution costs remained generally stable at approximately HK$8.8 million for the year ended 31 March 2016 (2015: approximately HK$8.5 million). Administrative expenses increased by approximately 17.1% to approximately HK$25.7 million for the year ended 31 March 2016 (2015: approximately HK$21.9 million). The profits tax decreased by approximately 83.5% to approximately HK$0.6 million for the year ended 31 March 2016 (2015: approximately HK$3.9 million).

The Board does not recommend payment of a final dividend for the year ended 31 March 2016.

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 cubic meters of plywood products. Up to the date of this report, the floor plan design is approved by the regulatory authority and the preliminary construction work is currently in progress. The management expects that the construction will be completed in around mid next year.

On 16 June 2015, Jiangmen Urban and Rural Planning Bureau issued a confirmation permitting the extension of the use of the leased properties of the Group which are located at No. 29 Gao Sha Middle Road, Jiangmen City, Guangdong Province, the People's Republic of China (the "PRC") (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 is allowed to use the Leased Properties under the relevant lease agreements until 31 May 2018.

Apart from expanding the customer base of the Group by seeking business opportunities in potential markets of other countries, the management is also looking for other potential business development for the Group, including any possible expansion in the production capacity or diversification in the distribution channels of trading. In order to expand our customer base together with the business growth, certain trading subsidiaries of the Group have obtained the FSC certification (while the production plant of the Group has renewed the FSC certification in March 2016) by which can be involved in the chains of trade of the FSC products. The Group has currently started developing the trading of round logs, and the Group is going to further develop this trading business to diversify our business. The Directors believe that the Group is in a more advantageous position to further develop and expand its market and products than the small-scale local enterprises.

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, 13 June 2016

* For identification purpose only

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in the sourcing, manufacturing and sale of plywood products as well as the trading of round logs. 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.

Due to the continued keen competition in the plywood market among countries, as well as a downward trend in the plywood imports market in Japan since April 2015, our sales volume of plywood products decreased by about 25% from approximately 86,400 cubic meters for the year ended 31 March 2015 to approximately 64,700 cubic meters for the year ended 31 March 2016. Since the plywood demand from Japan is weakened, the Group was not able to fully shifted the increased material costs to its customers, resulting in the slight decrease in the gross profit margin by approximately 1.7% to approximately 12.4% for the year ended 31 March 2016 (2015: approximately 14.1%).

According to the International Tropical Timber Organisation ("ITTO"), in 2015, Japan's plywood imports from its three major import countries were down by 20.5% compared to 2014. In the same year, plywood imports decreased by 19.3% for Indonesia, 18.7% for Malaysia and 33.6% for China. In order to minimise our reliance on the plywood market, the Group commenced the trading of round logs in the second quarter during the financial year ended 31 March 2016, and may further develop this trading business in the coming future. In order to expand our customer base to minimise our reliance on a single economy, along with the sources of manufacturing to minimise the overall manufacturing cost, certain trading subsidiaries of the Group have obtained the FSC certification (while the production plant has renewed the FSC certification in March 2016) by which can be involved in the chains of trade of the FSC products.

FINANCIAL REVIEW

Revenue

During the year ended 31 March 2016, the Group recorded the revenue of approximately HK$242.1 million, representing an approximately 21.5% decrease from the previous year (2015: approximately HK$308.3 million). This was mainly attributable to a fall in orders received from the existing customers led by the weakened plywood demand from Japan.

Management Discussion and Analysis (continued)

Gross profit

The gross profit margin of the Group slightly decreased from approximately 14.1% for the year ended 31 March 2015 to approximately 12.4% for the year ended 31 March 2016. The major reason for such decrease was due to the increase in material costs in the year ended 31 March 2016 while the Group was not able to fully shifted the increased costs to its customers due to the weakened plywood demand from Japan.

(Loss) profit for the year

The Group recorded a loss of approximately HK$9.5 million for the year ended 31 March 2016 compared to a profit of approximately HK$2.1 million for the year ended 31 March 2015.

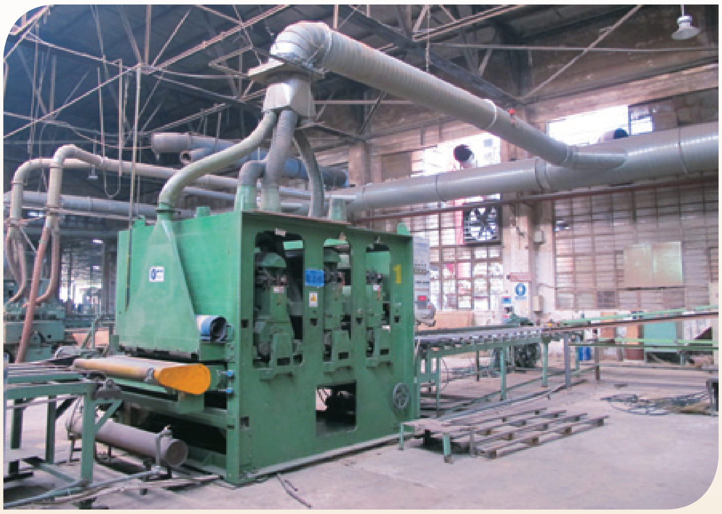
The decrease was mainly due to i) the decrease in gross profit as the combined effect of the drop in sales volume and increase in material costs as described above resulting the gross profit reduced by approximately HK$13.4 million to approximately HK$30.0 million for the year ended 31 March 2016 (2015: approximately HK$43.4 million); ii) the increase in administrative expenses resulted from the recognition of the share-based payment in which share options were granted during the year ended 31 March 2016, with the amount of approximately HK$2.9 million (2015: nil); and iii) the net exchange loss resulted by the devaluation of the Renminbi during the year ended 31 March 2016 amounting to approximately HK$2.8 million. Such decrease was offset by i) the decrease in the profit tax by approximately HK$3.3 million to approximately HK$0.6 million in the year ended 31 March 2016 (2015: approximately HK$3.9 million); and ii) that no listing expenses, which were approximately HK$5.0 million for the year ended 31 March 2015, were incurred in the year ended 31 March 2016.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's 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, the Group intends to finance future operations and capital expenditures with cash flow from the Group's operating activities, banking facilities made available to the Group and net proceeds from the placing of a total of 50,000,000 new shares in the Company on 23 February 2015 (the "Listing Date") at the placing price of HK$1.20 each (the "Placing").

The primary uses of cash have been, and are expected to continue to be, operating costs and capital expenditures. As at 31 March 2016, the current assets of the Group comprised primarily of cash and bank balances, trade and other receivables and inventories while the current liabilities comprised primarily of trade and other payables and bank borrowings.

As at 31 March 2016, the Group maintained cash and cash equivalents amounting to approximately HK$70.7 million (2015: approximately HK$65.2 million). Net current assets decreased from approximately HK$61.2 million as at 31 March 2015 to approximately HK$53.8 million as at 31 March 2016, mainly due to the decrease of inventory balances according to the weakened plywood demand.



As at 31 March 2016, the Group's total bank borrowings, all being denominated in Hong Kong dollars or United States dollars, amounted to approximately HK$36.8 million (2015: approximately HK$33.7 million).

As at 31 March 2016, the capital structure of the Group consisted of cash and cash equivalents together with equity attributable to owners of the Company, comprised of issued share capital and reserves.

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 23 February 2015. There has been no change in the capital structure of the Group since then. The share capital of the Company only comprises of ordinary shares. As at 31 March 2016, the Company's issued share capital was HK$2 million and the number of ordinary shares issued was 200,000,000 of HK$0.01 each.

As at 31 March 2016, the Group's gearing ratio (calculated by dividing total debt by total equity as at the end of financial year) was approximately 44.7% (2015: approximately 37.6%). The increase in gearing ratio was a result of the loss for the year attributable to equity holders of the Company.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2016, the Group's trade receivables of approximately HK$3.3 million (2015: approximately HK$6.8 million) were pledged to secure export bills discounted with full recourse.

CONTINGENT LIABILITIES

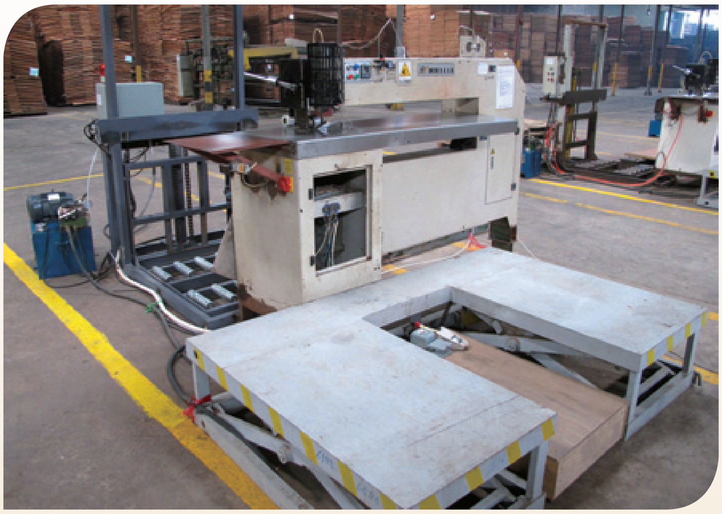
As at 31 March 2016, there were no significant contingent liabilities for the Group.

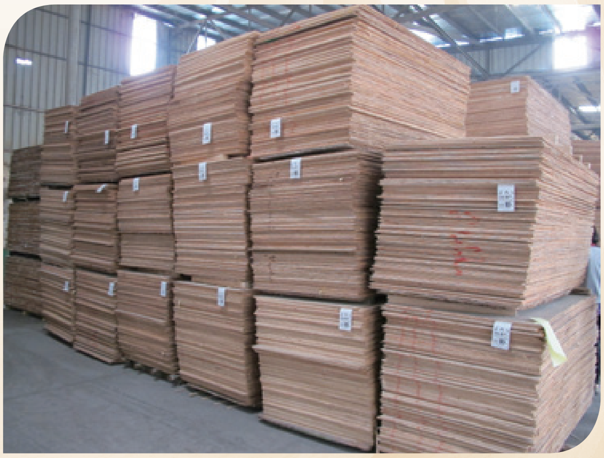
CAPITAL COMMITMENT

As at 31 March 2016, the capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements was approximately HK$354,000 (2015: nil).

RELATED PARTY TRANSACTIONS

Details of the Group's related party transaction are set out in note 36 to the consolidated financial statements in this report. Such transactions are continuing connected transactions that are exempt from annual reporting requirements under Chapter 20 of the GEM Listing Rules. Saved as disclosed above, there were no other transactions which are required to be disclosed as continuing connected transactions in accordance with the requirements of the GEM Listing Rules. The Board confirms that the Company has complied with the applicable disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.





SIGNIFICANT INVESTMENT

During the year ended 31 March 2016, the Group did not have any significant investment (2015: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

No material acquisitions or disposals of its subsidiaries or affiliated companies were made by the Group for the year ended 31 March 2016 (2015: nil).

COMPARISON OF BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus of the Company dated 12 February 2015 (the "Prospectus") with the Group's actual business progress for the period from 1 October 2015 to 31 March 2016 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 2016, the planned amount has not been utilised and will be carried forward to the next six months ending 30 September 2016.
Expansion in clientele and sale network, as well as our products profile	The Group has been developing the trading of round logs business during the period.
	Some trading subsidiaries of the Group have obtained the FSC certification during the period, which can involve in the chains of trade of the FSC products.
	Increase sales and marketing staff with experience in plywood product promotion in European market.
Optimising the manufacturing capabilities in the PRC	The Group has maintained the existing production capacity to meet customers' demand, and is looking for any potential business in relation to the expanding our trading capacity, including any possible increase in the production capacity or increase in the source of trading.

USE OF PROCEEDS FROM THE PLACING OF SHARES

The Company was successfully listed on the 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 for the construction of a new production plant in the PRC; (ii) approximately 34.9% of the net proceeds for the acquisition of machinery and equipment for the new production plant in the PRC; and (iii) approximately 9.6% for working capital and other general corporate purpose.

As at 31 March 2016, the Group had utilized approximately 9.6% of the net proceeds or approximately HK$4.8 million for working capital and other general corporate purpose. For the portion of net proceeds that the Company intended to apply in the construction of new production plant, the Group had utilised approximately HK$0.1 million and the remaining amount of approximately HK$27.7 million will continue to be used for the construction of new production plant and the remaining amount of approximately HK$17.5 million will continue to be applied for the capital expenditure of the Group.

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 is conducted predominantly in United States dollars ("US dollars" or "US$") while the production costs are 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 2016, the Group had a total of 197 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 2016, 9,800,000 options had been granted under the Share Option Scheme. Details of the share options granted are disclosed in note 37 to the consolidated financial statements.

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 March 2016 and up to the date of this report.

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Huang Dong Sheng, aged 54, 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 26 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 Merchandise 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. ("Jiangmen Changda") (for identification purpose only)（江門市昌達木業有限公司）, our subsidiaries, on 26 July 2003 and 18 August 2003 respectively. Since then, he commenced to pursue his career in the plywood manufacturing industry. 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 56, 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 11 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.

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 46, 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 11 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.

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 46, 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 21 years of experience in accounting and financing areas. Mr. Yeung Hung Yuen began his career with the 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.

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 70, 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 57, was appointed as an independent non-executive Director on 16 September 2013. He has over 31 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 55, was appointed as an independent non-executive Director on 16 September 2013. He has over 24 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 the 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 50, 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 9 years of experience in the wood products industry. Mr. Li Wen Jun joined our 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, Ms. Wong Sut Keng and Ms. Wong Hang Kuen, each being an executive Director of the Company.

Liu Xiao Ling, aged 43, joined the Group in January 2007 and was appointed as the accounting manager of Jiangmen Changda. She has over 9 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 35, is the financial controller and company secretary of the Company. Mr. Yeung Wai Leung joined the Group in February 2015. Prior to joining 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 senior accountant in October 2006, 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 pages 10 to 11 of this report.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board strives to uphold the principles of corporate governance set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules. The Board also adopts various measures to enhance the internal control system, the Directors' continuous professional development and other areas of corporate governance practice. 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 reviews and improve the quality of corporate governance practices with reference to local and international standards.

During the year ended 31 March 2016, 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. 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 during the year ended 31 March 2016.

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 their offices held in other companies and significant commitments at the time of his/her appointment.

The Board is responsible for the leadership and control of the Group and to 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, determining the policy for the corporate governance of the Company and performing duties under code provision D.3.1 of the CG Code and setting the Group's values and standards. Though the Board delegates the day-to-day management, administration and operation of the Group to management, all the Directors continue to give sufficient time and attention to the Company'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

During the year ended 31 March 2016, there was no change in the composition of the Board.

The biographical details of each Director are set out in the section "Directors and Senior Management Profile" on pages 10 to 11 of this report.

Corporate Governance Report (continued)

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. During the year ended 31 March 2016, six Board meetings were held and the attendance records of individual Directors are set out below:

Name of Directors	Number of Board meetings attended/ Eligible to attended
Executive Directors	
Mr. Huang Dong Sheng *(Chairman)*	6/6
Ms. Wong Sut Keng	6/6
Ms. Wong Hang Kuen	6/6
Mr. Yeung Hung Yuen	5/5
Independent non-executive Directors	
Mr. Chan Kai Nang	6/6
Mr. Ho Chee Mun	6/6
Mr. Yuen Kim Hung Michael	6/6

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 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 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 met the independent 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. As such, the roles of the Chairman and the chief executive of the Company are separate and are not performed by the same individual.

BOARD DIVERSITY POLICY

Pursuant to the CG Code, the Board has adopted a board diversity policy (the "Board Diversity Policy") from the date of listing of the Company on the Stock Exchange up to the date of this corporate governance report. 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 the 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 a place that may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. Under code provision A.6.7 of the CG Code, all independent non-executive Directors and non-executive Directors should attend general meetings of listed issuers.

The attendance record of the Directors at general meetings held during the year is set out below:

	Number of meetings attended/ Eligible to attended	
	Annual General Meeting	**Extraordinary General Meeting**
Executive Directors		
Mr. Huang Dong Sheng *(Chairman)*	1/1	0/0
Ms. Wong Sut Keng	1/1	0/0
Ms. Wong Hang Kuen	1/1	0/0
Mr. Yeung Hung Yuen	1/1	0/0
Independent non-executive Directors		
Mr. Chan Kai Nang	1/1	0/0
Mr. Ho Chee Mun	1/1	0/0
Mr. Yuen Kim Hung Michael	1/1	0/0

AUDIT COMMITTEE

The Company has 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.

During the year ended 31 March 2016, 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.

During the year ended 31 March 2016, four Audit Committee meetings were 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)*	4/4
Mr. Chan Kai Nang	4/4
Mr. Ho Chee Mun	4/4

The Audit Committee has reviewed with the management and the auditor the audited financial statements of the Group for the year ended 31 March 2016 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 comprises three independent non-executive Directors, 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 the balance of expertise, skills and experience appropriate for the requirements of the business of the Group. It is also responsible to consider and recommend the Board suitably qualified persons to become a member of the Board, monitor the succession planning of Directors and assess the independence of 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 the implementing the Board Diversity Policy and to monitor the progress on achieving these objectives.

During the year ended 31 March 2016, one Nomination Committee meeting was held and the attendance record of each committee member is set out below:

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

The Nomination Committee has, during its meeting, reviewed the composition of the Board and the suitability of the directors proposed for re-appointment at the Company's annual general meeting.

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 comprises three independent non-executive Directors, 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) to make recommendation to the Board the terms of remuneration packages, bonuses and other compensation (including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) payable to the Directors and senior management and to make recommendations to the Board on the Group's policy and structure for all remuneration of the Directors and senior management.

During the year ended 31 March 2016, two Remuneration Committee meetings were held and the attendance record of each committee member is set out below:

Name of Directors	Attendance/Number of the Remuneration Committee Meetings
Mr. Ho Chee Mun *(Chairman)*	2/2
Mr. Chan Kai Nang	2/2
Mr. Yuen Kim Hung Michael	2/2

The Remuneration Committee has reviewed the remuneration package of the directors and senior management. No individual Director is involved in deciding his or her own remuneration.

The remuneration of senior management was within the following bands:

The emolument bands (in HK$)	Number of individuals 2016	2015
Nil to HK$1,000,000	6	6
HK$1,000,001-HK$2,000,000	1	1
Above HK$2,000,000	0	0

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 their contribution to the Board remains informed and relevant.

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 latest developments of regulatory requirements related to director's duties and responsibilities.

All Directors, namely Mr. Huang Dong Sheng, Ms. Wong Sut Keng, Ms. Wong Hang Kuen, Mr. Yeung Hung Yuen, Mr. Chan Kai Nang, Mr. Ho Chee Mun and Mr. Yuen Kim Hung Michael, have confirmed that they had participated in the continuous professional developments in relation to regulatory updates, the duties and responsibility of the Directors and the business of the Group including reading materials in relation to regulatory updates 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 complies with the relevant professional training requirements under Rule 5.15 of the GEM Listing Rules during the year ended 31 March 2016. His biographical details are set out in the paragraph headed "Directors and Senior Management Profile" on page 12 in this report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors ensure the financial statements of the Group are prepared in accordance with the statutory requirement 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 AND RISK MANAGEMENT

The Board recognises its responsibility to ensure that the Company maintains a sound and effective internal control and risk management systems and the Board has conducted a review of the effectiveness of the internal control and risk management systems of the Group during the year. The Group's internal control and risk management systems are 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 done on a systematic basis based on the risk assessments of the operations and controls. There were no critical issues found 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.

The Audit Committee has taken up the internal control together with the risk management functions in order to comply with the new CG Code requirement.

ROLE OF COMPLIANCE OFFICER

The compliance officer is responsible for establishing a formal mechanism for risk assessment, 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 2016, 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 potential projects. The fees in respect of audit and non-audit services provided by Deloitte Touche Tohmatsu for the year ended 31 March 2016 approximately amounted to HK$1,080,000 and approximately HK$338,000 respectively. The reporting responsibilities of Deloitte Touche Tohmatsu are set out in the Independent Auditor's Report on page 26 of this report.

SHAREHOLDERS' RIGHTS

Right to convene extraordinary general meeting

Pursuant to the Articles of Association of the Company, 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 a 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 21 days from the date of the deposit of the requisition proceed duly to convene a EGM, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may convene a EGM, but any EGM so convened shall not be held after expiration of two months from the said date of deposit of the requisition. A 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 registrars 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 enquire 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 year ended 31 March 2016, 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 in formulating 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 of the date of this report, the Board was not aware of any material uncertainties relating to 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 the consolidated financial statements prepared by the Board and to report said opinion to the shareholders of the Company. A statement by the auditor about their reporting responsibility is set out in the section headed "Independent's Auditor's Report" on page 26 of this report.

Report of the Directors

The Board of Directors of the Company is pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2016.

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 35 to the consolidated financial statements in this report. The business of the Group is principally engaged in the sourcing, manufacturing and sale of plywood products and the trading of round logs.

RESULTS AND APPROPRIATIONS

The Group's loss for the year ended 31 March 2016 is set out in the consolidated statement of profit or loss on page 27 and the state of affairs of the Group as at 31 March 2016 are set out in the consolidated statement of financial position on page 28 of this report. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2016.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the past five years ended 31 March 2016 is set out on page 68 of this report. This summary does not form part of the audited financial statements.

CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS

As at 31 March 2016, 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 property, plant and equipment of the Group during the year ended 31 March 2016 are set out in note 17 to the consolidated financial statements in this report.

BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 March 2016 are set out in note 27 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 2016 are set out in note 29 to the consolidated financial statements in this report.

USE OF PROCEEDS FROM THE PLACING OF SHARES

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 in the section headed "Consolidated Statement of Changes in Equity" on page 29 and note 38 to the consolidated financial statements in this report.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2016, calculated under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$65.5 million.

CHARITABLE CONTRIBUTIONS

During the year ended 31 March 2016, the Group did not made charitable contributions.

BUSINESS REVIEW

Details of review of the Group's business and particulars of important events affecting the Group that have occurred since the end of the financial year as well as indication of likely future development in the business of the Group are set out in the section headed "Chairman's Statement" on page 4 and "Management Discussion and Analysis" on pages 5 to 9 of this report.

Risks and uncertainties

The principal risks and uncertainties facing the Group have been addressed in the section headed "Management Discussion and Analysis" in this report. In addition, various financial risks have been disclosed in note 7 to the consolidated financial statements.

An analysis using financial key performance indicators

The relevant financial key performance indicators relating to the business of the Group are set out in the section headed "Management Discussion and Analysis" and the consolidated financial statements in this report.

Environmental policies and performance

The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. The Group aims to promote efficient use of resources and adopting green technologies for emission reduction. For instance, the Group seeks to replace the equipment by the environmental friendly machines in order to minimise overall exhaust emission.

Relationships with employees, customers, suppliers and other stakeholders

The Group ensures all staff is reasonably remunerated and regularly reviews the employment policies on remuneration and other benefits. The Group maintains a good relationship with its customers and suppliers. The Group maintains close contacts with the customers and has regular review of requirements of customers and complaints. The Group will conduct review on the suppliers' performance on regular basis.

Compliance with laws and regulations

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. The Group has on-going review the new enacted laws and regulations affecting the operations of the Group. The Group is not aware of any material non-compliance with the laws and regulations that have significant impact on the business of the Group.

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 March 2016 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.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2016, sales to the Group's five largest customers accounted for approximately 81% of total sales and sales to the largest customer included therein amounted to approximately 38% of total sales. The Group's five largest suppliers accounted for approximately 41% of total purchases during the year ended 31 March 2016 and purchases from the largest supplier included therein amounted to approximately 14% 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 2016.

DIRECTORS

The Directors during the year ended 31 March 2016 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 10 to 12 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 or at any time during or at the end of the year ended 31 March 2016.

As of 31 March 2016, 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 shareholder 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 2016.

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.

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 2016.

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 2016, 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 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 share held, capacity and nature of interest				
Name of Director	Directly and beneficially owned	Through controlled corporations	Number of underlying Shares held under equity derivatives	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%
Mr. Yeung Hung Yuen[5]	–	–	2,000,000	2,000,000	1.00%

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.

5. On 2 October 2015, Mr. Yeung Hung Yuen was granted share options of the Company entitling to subscribe for a total of 2,000,000 shares at a subscription price of HK$0.83 per share with validity period from 2 October 2015 to 23 February 2025. The exercise period of such share options is i) one third of the options could be exercisable on or before 31 March 2016; ii) two-third of the options could be exercisable on or before 31 March 2017; and iii) all of the options could be exercisable after 31 March 2017.

Save as disclosed above, as at 31 March 2016, 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.

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

As at 31 March 2016, 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 were 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 2016, 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

During the year ended 31 March 2016, 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 PRACTICES

A full corporate governance report is set out on pages 13 to 19 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 2016, 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 terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

The purpose of the Share Option Scheme is to provide an incentive or reward for eligible participants (any full-time or part-time employees, consultants or potential employees, consultants, executives or officers of our Group, and any suppliers, customers, consultants, agents and advisers, who in the absolute discretion of our Board has contributed or will contribute to our Group) (the "Eligible Participants") for their contribution or potential contribution to the Group.

The total number of shares in respect of which options may be granted under the Share Option 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.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period commencing on such date on or after the date on which the option is granted as the Board may determine in granting the option and expiring at the close of business on such date as the Board may determine in granting the option but in any event shall not exceed 10 years from the date of grant (which is the date of offer of grant if the offer for the grant of the option is accepted).

Unless approved by our shareholders in general meeting in the manner prescribed in the GEM Listing Rules, our Board shall not grant options to any Eligible Participants if the acceptance of those options would result in the total number of shares issued and to be issued to that Eligible Participants on exercise of the options during any 12 month period up to the offer date exceeding 1% of the total Shares then in issue.

The Share Option Scheme will be expired on 23 February 2025.

On 2 October 2015 and 19 November 2015 (the "Date of Grant"), the Company granted share options (the "Share Options") to a director and employees within the Group (the "Grantees") pursuant to the Company's Share Option Scheme, subject to acceptance by the Grantees. The Share Options entitle the Grantees to subscribe for a total of 9,800,000 ordinary shares with nominal value of HK$0.01 each (the "Shares") in the capital of the Company upon the exercise of the Share Options in full. The exercise prices of each of the Share Options granted of HK$0.83 per Share and HK$0.85 per Share represent the highest of (i) the closing price of the Share on the Date of Grant; (ii) the average closing price per Share for the five business days immediately preceding each of the Date of Grant; and (iii) the nominal value of HK$0.01 per Share.

As at 31 March 2016, no option has been exercised and no option has lapsed. There are 9,800,000 options outstanding under the share option scheme. At the date of this report, the total number of shares which may be issued upon the exercise of all share options granted and yet to be exercised under the Share Option Scheme amounted to 6,533,333 and 3,266,667 respectively. Details of the Grant of Share Options were set out in the announcement of the Company dated 2 October 2015 and 19 November 2015 respectively. The details of the Share Options are also set out in note 37 to the consolidated financial statements in this report.

By Order of the Board
Steed Oriental (Holdings) Company Limited
Mr. Huang Dong Sheng
Chairman and Executive Director

Hong Kong, 13 June 2016

Deloitte.
德勤

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 27 to 67, which comprise the consolidated statement of financial position as at 31 March 2016, 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 applicable 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 2016, 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 applicable disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
13 June 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	NOTES	2016 HK$'000	2015 HK$'000
Revenue	8	**242,073**	308,290
Cost of goods sold		**(212,068)**	(264,884)
Gross profit		**30,005**	43,406
Other income	9	**226**	401
Other losses	10	**(3,324)**	(1,279)
Selling and distribution costs		**(8,781)**	(8,531)
Administrative expenses		**(25,659)**	(21,917)
Listing expenses		**–**	(4,973)
Finance costs	11	**(1,277)**	(1,110)
(Loss) profit before taxation	12	**(8,810)**	5,997
Taxation	14	**(640)**	(3,878)
(Loss) profit for the year		**(9,450)**	2,119
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(1,465)**	88
Fair value (loss) gain on available-for-sale investments		**(298)**	316
Reclassification adjustment relating to available-for-sale investments disposed of during the year		**30**	(106)
Other comprehensive (expense) income for the year		**(1,733)**	298
Total comprehensive (expense) income for the year		**(11,183)**	2,417
(Loss) profit for the year attributable to owners of the Company		**(9,450)**	2,119
Total comprehensive (expense) income for the year attributable to owners of the Company		**(11,183)**	2,417
(Loss) earnings per share			
Basic and diluted (HK cents)	16	**(4.73)**	1.66

Consolidated Statement of Financial Position

As at 31 March 2016

	NOTES	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	17	**13,151**	13,506
Prepaid lease payment	18	**15,557**	16,507
Available-for-sale investments	19	**449**	820
Rental deposits		**156**	163
Deposit paid for acquisition of property, plant and equipment		**298**	–
		29,611	30,996
Current assets			
Inventories	20	**29,956**	40,353
Prepaid lease payment	18	**332**	346
Available-for-sale investments	19	**2,408**	–
Trade and other receivables	21	**8,968**	13,747
Amounts due from shareholders	22	**–**	10
Tax recoverable		**523**	–
Bank balances and cash	23	**70,735**	65,212
		112,922	119,668
Current liabilities			
Trade and other payables	24	**21,166**	22,846
Derivative financial instruments	25	**307**	–
Taxation payable		**587**	1,620
Obligations under a finance lease – due within one year	26	**263**	342
Bank borrowings – due within one year	27	**36,793**	33,680
		59,116	58,488
Net current assets		**53,806**	61,180
Total assets less current liabilities		**83,417**	92,176
Non-current liabilities			
Obligations under a finance lease – due after one year	26	**–**	263
Deferred taxation	28	**506**	671
		506	934
Net assets		**82,911**	91,242
Capital and reserves			
Capital	29	**2,000**	2,000
Reserves		**80,911**	89,242
Total equity		**82,911**	91,242

The consolidated financial statements on pages 27 to 67 were approved and authorised for issue by the Directors on 13 June 2016 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 2016

	Attributable to owners of the Company							
	Capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Other reserve HK$'000 (Note)	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2014	790	–	–	7,223	(104)	(645)	(5,409)	1,855
Profit for the year	–	–	–	–	–	–	2,119	2,119
Exchange differences on translation	–	–	–	–	–	88	–	88
Fair value gain on available-for-sale investments	–	–	–	–	316	–	–	316
Reclassification adjustment relating to available-for-sale investments disposed of during the year	–	–	–	–	(106)	–	–	(106)
Other comprehensive income for the year	–	–	–	–	210	88	–	298
Total comprehensive income for the year	–	–	–	–	210	88	2,119	2,417
Loan capitalisation issue (note 29(a))	3	–	–	33,352	–	–	–	33,355
Capitalisation issue (note 29(b))	1,487	(1,487)	–	–	–	–	–	–
Effect of share swap pursuant to group reorganisation	(780)	–	–	780	–	–	–	–
Issue of shares by way of placing (note 29(c))	500	59,500	–	–	–	–	–	60,000
Expenses incurred in connection with issue of shares	–	(6,385)	–	–	–	–	–	(6,385)
At 31 March 2015	2,000	51,628	–	41,355	106	(557)	(3,290)	91,242
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(9,450)**	**(9,450)**
Exchange differences on translation	**–**	**–**	**–**	**–**	**–**	**(1,465)**	**–**	**(1,465)**
Fair value loss on available-for-sale investments	**–**	**–**	**–**	**–**	**(298)**	**–**	**–**	**(298)**
Reclassification adjustment relating to available-for-sale investments disposed of during the year	**–**	**–**	**–**	**–**	**30**	**–**	**–**	**30**
Other comprehensive expense for the year	**–**	**–**	**–**	**–**	**(268)**	**(1,465)**	**–**	**(1,733)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(268)**	**(1,465)**	**(9,450)**	**(11,183)**
Recognition of equity-settled share-based payments	**–**	**–**	**2,852**	**–**	**–**	**–**	**–**	**2,852**
At 31 March 2016	**2,000**	**51,628**	**2,852**	**41,355**	**(162)**	**(2,022)**	**(12,740)**	**82,911**

Note: The other reserve of the Group at 31 March 2016 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 years; (ii) the issue of shares of CD Enterprises Company Limited ("CD Enterprises"), a subsidiary of the Company, 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 years; (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, in prior years; (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 29(a); and (v) nominal amount of capital of CD Enterprises 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 2016

	2016 HK$'000	2015 HK$'000
Operating activities		
(Loss) profit before taxation	**(8,810)**	5,997
Adjustments for:		
Interest income	**(11)**	(10)
Interest expenses	**1,277**	1,110
Fair value loss (gain) on derivative financial instruments	**307**	(1,135)
Release of prepaid lease payment	**336**	402
Depreciation of property, plant and equipment	**2,321**	2,587
Loss (gain) on disposal of available-for-sale investments	**30**	(106)
Loss on disposal/written off of property, plant and equipment	**179**	129
Share-based payment expense	**2,852**	–
Operating cash flows before movements in working capital	**(1,519)**	8,974
Decrease in inventories	**9,006**	3,367
Decrease in trade and other receivables	**4,647**	491
Decrease in trade and other payables	**(190)**	(8,532)
Cash from operations	**11,944**	4,300
Hong Kong Profits Tax (paid) refunded	**(1,468)**	658
The People's Republic of China ("PRC") Enterprise Income Tax ("EIT") paid	**(893)**	(2,448)
Net cash from operating activities	**9,583**	2,510
Investing activities		
Proceeds from disposal of available-for-sale investments	**7,722**	1,262
Interest received	**11**	10
Repayments from shareholders	**10**	–
Acquisition of available-for-sale investments	**(10,115)**	(1,392)
Purchase of property, plant and equipment	**(2,749)**	(1,393)
Deposit paid for acquisition of property, plant and equipment	**(298)**	–
Net cash used in investing activities	**(5,419)**	(1,513)
Financing activities		
New bank loans raised	**32,231**	26,694
Repayments of bank borrowings	**(29,118)**	(30,714)
Interests paid	**(1,277)**	(1,110)
Repayment of obligations under a finance lease	**(342)**	(331)
Issue of shares	**–**	60,000
Advances from related companies	**–**	7,410
Repayments to related companies	**–**	(7,456)
Expenses incurred in connection with issue of shares	**–**	(6,385)
Repayments to directors	**–**	(5,505)
Net cash from financing activities	**1,494**	42,603
Net increase in cash and cash equivalents	**5,658**	43,600
Effect of foreign exchange rate changes	**(135)**	–
Cash and cash equivalents at beginning of the year	**65,212**	21,612
Cash and cash equivalents at end of the year, representing bank balances and cash	**70,735**	65,212

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 as well as the trading of round logs.

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 that the directors of the Company consider 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 the consolidated statement of cash flows for the year ended 31 March 2015 had 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 throughout the period.

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

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

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

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 but are not yet effective:

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
HKFRS 16	Leases[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle[3]
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[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to HKAS 1	Disclosure initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[3]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2016.
4 Effective for annual periods beginning on or after a date to be determined.

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. Furthermore, HKFRS 9 requires certain simple debt instruments to be measured at FVTOCI when certain requirements are met. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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 detailed analysis.

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.

HKFRS 16 "Leases"

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

The directors of the Company are in the process of assessing their impact on the consolidated financial statements of these requirements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

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 for 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".

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

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.

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 other than construction in progress 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.

Construction in progress includes property, plant and equipment in the course of construction for production or for own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets commences when the assets are ready for their intended use.

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.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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 measured 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.

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 when 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

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.

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 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 have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Share-based payment arrangements

Equity-settled share-based payment transactions

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to capital and then share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

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.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. 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 deferred tax 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. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated impairment loss recognised on trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2016, the carrying amount of trade receivables is HK$5,450,000 (2015: HK$9,280,000) (net of allowance for doubtful debts of HK$106,000 (2015: HK$115,000)).

Estimated impairment loss of inventories

The Group makes allowance for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgment and estimates on the conditions and marketability of the inventories. Where the subsequent selling prices decline or increase in costs of completion and those necessary to make the sales, additional allowance may arise.

The carrying amount of inventories at 31 March 2016 is HK$29,956,000 (2015: HK$40,353,000).

Estimation of useful lives of property, plant and equipment

Management estimates the useful lives of property, plant and equipment based on the expected lifespan of those property, plant and equipment. The useful lives of property, plant and equipment could change significantly as a result of technical innovation. When the actual useful lives of property, plant and equipment due to the change of commercial and technological environment are different from their estimated useful lives, such difference will impact the depreciation charges and the amounts of assets written down for future periods.

The carrying amount of property, plant and equipment at 31 March 2016 is HK$13,151,000 (2015: HK$13,506,000).

6. 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 bank borrowings disclosed in note 27, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued capital, reserves and accumulated 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 new share issues as well as the issue of new debt or the redemption of existing debt.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2016 HK$'000	2015 HK$'000
Financial assets		
Available-for-sale investments	**2,857**	820
Loans and receivables (including cash and cash equivalents)	**76,185**	74,502
Financial liabilities		
Amortised cost	**49,676**	47,933
Derivative financial instruments	**307**	–
Obligations under a finance lease	**263**	605

Financial risk management objectives and policies

The Group's financial instruments include available-for-sale investments, trade receivables, amounts due from shareholders, bank balances and cash, trade payables, bank borrowings, derivative financial instruments and obligations under a finance lease. 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 and bank borrowings) denominated in foreign currencies of HK$, Renminbi ("RMB") and US$, i.e. a currency other than the functional currency of the respective group entities, at the end of the reporting period are as follows:

	2016 HK$'000	2015 HK$'000
Assets		
HK$ against US$	**55,811**	52,170
RMB against US$	**148**	120
US$ against RMB	**3,466**	4,233
Liabilities		
HK$ against US$	**29,824**	7,590

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.

7. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

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 foreign currency balances which are denominated in HK$ since HK$ is pegged to US$ and excludes foreign currency balances denominated in RMB as the amount involved is not significant. A negative number indicates a decrease in post-tax profit 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.

	2016 **HK$'000**	2015 HK$'000
US$ against RMB		
Post-tax profit or loss for the year	**(130)**	(159)

In addition, the Group is exposed to currency risk concerning intra-group balances amounted to HK$5,036,000 as at 31 March 2016 (2015: HK$576,000), which are denominated in US$, a currency other than the functional currency of the relevant group entity (i.e. RMB). When RMB strengthens against US$, post-tax loss for the year ended 31 March 2016 would increase by HK$189,000 (2015: post-tax profit for the year would decrease by HK$22,000).

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 the 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.

Interest rate risk
The Group is exposed to cash flow interest rate risk in relation to bank balances and bank borrowings (see notes 23 and 27 for details of these balances). Interests charged on the Group's borrowings are at variable rates and are mainly determined based on 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 but 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. 50 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 considers the Group's exposure to cash flow interest rate risk in respect of bank balances is not material.

7. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis (Continued)
If interest rates on bank borrowings had been 50 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:

	2016 **HK$'000**	2015 HK$'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	**(154)**	(141)
– as a result of decrease in interest rate	**154**	141

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 2016 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 2016, the Group has concentration of credit risk as 76% and 100% (2015: 52% and 95%) 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 97% (2015: 95%) of trade receivables as at 31 March 2016.

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.

7. 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 rates, 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 2016							
Trade payables	N/A	–	11,425	1,458	–	12,883	12,883
Obligations under a finance lease	1.68	–	89	178	–	267	263
Bank borrowings – variable rate	4.27	36,793	–	–	–	36,793	36,793
		36,793	11,514	1,636	–	49,943	49,939
Derivative financial instruments – gross settlement							
Foreign exchange forward contracts							
– inflow	N/A	–	11,483	2,322	–	13,805	13,709
– outflow	N/A	–	(11,744)	(2,371)	–	(14,115)	(14,016)
		–	(261)	(49)	–	(310)	(307)

7. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

	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

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 2016, the aggregate carrying amounts of these bank borrowings amounted to HK$36,793,000 (2015: HK$33,680,000). 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 2016	**4.27**	**17,686**	**7,015**	**14,349**	**39,050**	**36,793**
At 31 March 2015	4.88	29,428	2,734	2,050	34,212	33,680

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.

7. FINANCIAL INSTRUMENTS (CONTINUED)

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	2016	2015	Fair value hierarchy	Valuation techniques and key input(s)
Available-for-sale investments (note 19)	Listed equity securities in the PRC – HK$449,000	Listed equity securities in the PRC – HK$820,000	Level 1	Quoted bid prices in active market
	Financial products classified as available-for-sale investments – HK$2,408,000	N/A	Level 2	Discounted cash flows. Fair value are estimated based on its expected cash flows discounted by unquoted annual return rate of similar financial products.
Financial liabilities				
Foreign exchange forward contracts (note 25)	HK$307,000	N/A	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.

8. 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 and trading of round logs. 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 makers ("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.

Other than revenue analysis, no operating results and other discrete financial information are 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:

	2016 **HK$'000**	2015 HK$'000
General plywood	**170,238**	261,889
Packing plywood	**30,578**	26,319
Structural panel	**2,311**	2,552
Floor base	**20,013**	16,219
Round logs	**16,909**	–
Others	**2,024**	1,311
	242,073	308,290

Geographical information

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

	2016 **HK$'000**	2015 HK$'000
Japan	**196,768**	275,756
Thailand	**33,259**	15,096
South Korea	**415**	558
Hong Kong	**7,834**	10,157
Other countries	**3,797**	6,723
	242,073	308,290

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:

	2016 **HK$'000**	2015 HK$'000
Hong Kong	**575**	835
PRC	**28,587**	29,341
	29,162	30,176

8. 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:

	2016 HK$'000	2015 HK$'000
Customer A (note)	**90,889**	100,772
Customer B (note)	**65,795**	75,029

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

9. OTHER INCOME

	2016 HK$'000	2015 HK$'000
Interest income	**11**	10
Sales of scrap materials	**151**	391
Others	**64**	–
	226	401

10. OTHER LOSSES

	2016 HK$'000	2015 HK$'000
Fair value (loss) gain on derivative financial instruments	**(307)**	1,217
(Loss) gain on disposal of available-for-sale investments	**(30)**	106
Loss on disposal/written off of property, plant and equipment	**(179)**	(129)
Net exchange losses	**(2,808)**	(2,473)
	(3,324)	(1,279)

11. FINANCE COSTS

	2016 HK$'000	2015 HK$'000
Interests on bank borrowings	**1,263**	1,085
Interests on a finance lease	**14**	25
	1,277	1,110

12. (LOSS) PROFIT BEFORE TAXATION

	2016 HK$'000	2015 HK$'000
(Loss) profit before taxation has been arrived at after charging:		
Directors' remuneration (note 13)	**4,361**	3,570
Other staff costs	**17,436**	20,259
Retirement benefit schemes contributions for other staff	**1,529**	1,598
Share-based payments for other staff	**2,269**	–
Total staff costs	**25,595**	25,427
Auditors' remuneration	**1,058**	918
Release of prepaid lease payment	**336**	402
Cost of inventories recognised as expense	**212,068**	264,884
Depreciation of property, plant and equipment	**2,321**	2,587
Operating lease rentals in respect of rented premises	**2,151**	2,231

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

(a) Directors' emoluments

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Retirement benefit schemes contributions HK$'000	Share-based payments HK$'000	Total HK$'000
For the year ended 31 March 2016						
Executive directors						
Mr. Huang	–	1,120	93	61	–	1,274
Ms. Wong Sut Keng	–	851	71	46	–	968
Ms. Wong Hang Kuen	–	784	65	42	–	891
Mr. Yeung Hung Yuen	–	240	20	13	583	856
Independent non-executive directors						
Mr. Chan Kai Nang	120	–	–	6	–	126
Mr. Ho Chee Mun	120	–	–	–	–	120
Mr. Yuen Kim Hung Michael	120	–	–	6	–	126
	360	2,995	249	174	583	4,361

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

(a) Directors' emoluments (Continued)

	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Retirement benefit schemes contributions HK$'000	Share–based payments 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

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The emoluments of independent non-executive directors shown above were mainly for their services as directors of the Company.

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. Huo Liang resigned as an executive director of the Company on 6 June 2014.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2015: three) of them are directors of the Company for the year ended 31 March 2016 whose emoluments are included in the disclosures above. The emoluments of two (2015: two) individuals are as below:

	2016 HK$'000	2015 HK$'000
Employees		
– salaries and allowances	**1,216**	999
– discretionary bonus	**89**	246
– retirement benefit schemes contributions	**55**	40
– share-based payments	**583**	–
	1,943	1,285

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

(b) Employees' emoluments (Continued)

Their emoluments were within the following band:

	Number of employees	
	2016	2015
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.

14. TAXATION

	2016 **HK$'000**	2015 HK$'000
Current tax		
Hong Kong Profits Tax	**112**	855
PRC Enterprise Income Tax	**693**	2,666
	805	3,521
Deferred taxation (note 28)		
(Credit) charge for the year	**(165)**	357
	640	3,878

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 (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016 **HK$'000**	2015 HK$'000
(Loss) profit before taxation	**(8,810)**	5,997
Tax (credit) charge at the applicable income tax rate of 16.5%	**(1,454)**	990
Tax effect of expenses not deductible for tax purposes	**2,295**	1,526
Tax effect of tax losses not recognised	**282**	565
Utilisation of tax losses previously not recognised	**(49)**	(35)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(269)**	566
Withholding tax for undistributed profits of a PRC subsidiary	**(165)**	286
Reduction of Hong Kong Profits Tax	**–**	(20)
Taxation charge for the year	**640**	3,878

15. DIVIDEND

There was no dividend declared by the Group during both years.

16. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2016 **HK$'000**	2015 HK$'000
(Loss) profit for the purposes of calculating basic and diluted (loss) earnings per share ((loss) profit for the year attributable to owners of the Company)	**(9,450)**	2,119

	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**200,000,000**	127,645,743

The weighted average number of ordinary shares in issue during the year ended 31 March 2015 was calculated on the assumption that the Group Reorganisation was effective on 1 April 2014, 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 diluted loss per share for the year ended 31 March 2016 has not been taken into account the effect of outstanding share options as the adjusted exercise price of those options was higher than the average market price for shares for the period.

No diluted earnings per share was presented for the year ended 31 March 2015 as there were no potential ordinary shares.

17. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST						
At 1 April 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
Exchange adjustments	(732)	(52)	(23)	(112)	–	(919)
Additions	1,925	–	28	–	796	2,749
Disposals/written off	(301)	–	(25)	(227)	–	(553)
At 31 March 2016	20,454	1,326	658	3,966	796	27,200
DEPRECIATION						
At 1 April 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
Exchange adjustments	(346)	(48)	(14)	(36)	–	(444)
Provided for the year	1,783	–	38	500	–	2,321
Eliminated on disposals/written off	(164)	–	(20)	(61)	–	(245)
At 31 March 2016	10,525	1,233	413	1,878	–	14,049
CARRYING VALUES						
At 31 March 2016	9,929	93	245	2,088	796	13,151
At 31 March 2015	10,310	97	269	2,830	–	13,506

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, 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 2016 included an amount of HK$545,000 (2015: HK$807,000) in respect of asset held under a finance lease.

18. PREPAID LEASE PAYMENT

Prepaid lease payment represents a land use right with carrying amount of HK$15,889,000 (2015: HK$16,853,000) which is located in the PRC.

	2016 HK$'000	2015 HK$'000
Analysed for reporting purposes as		
Current assets	**332**	346
Non-current assets	**15,557**	16,507
	15,889	16,853

19. AVAILABLE-FOR-SALE INVESTMENTS

	2016 HK$'000	2015 HK$'000
Equity securities, at fair value (note a)	**449**	820
Financial products, at fair value (note b)	**2,408**	–
	2,857	820
Analysed for reporting purposes as		
Current assets	**2,408**	–
Non-current assets	**449**	820
	2,857	820

Notes:

(a) The listed equity instruments represent the Group's equity interests in listed PRC companies. None of the shareholdings exceeds 20% of the issued capital of the respective investee.

(b) As at 31 March 2016, financial products of HK$2,408,000 (2015: nil) held by the Group generate annual target return rate ranged from 1.90% to 3.30% per annum depending on the duration. As the Group is able to redeem the financial products at any time, these financial products are classified as current assets. The directors consider that the fair value of the financial products approximate to their carrying value.

20. INVENTORIES

	2016 HK$'000	2015 HK$'000
Raw materials	**15,836**	25,797
Work in progress	**3,247**	6,214
Finished goods	**10,873**	8,342
	29,956	40,353

21. TRADE AND OTHER RECEIVABLES

	2016 **HK$'000**	2015 HK$'000
Trade receivables	**5,450**	9,280
Deposits to suppliers	**3,238**	3,404
Value-added tax receivables	**–**	810
Prepayments and other deposits	**280**	253
Total trade and other receivables	**8,968**	13,747

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:

	2016 **HK$'000**	2015 HK$'000
Within 30 days	**5,450**	9,135
31 to 60 days	**–**	145
	5,450	9,280

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 2016, the trade receivables with carrying amounts of HK$5,445,000 (2015: HK$9,010,000) are supported by the letters of credit. The management considers 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 7.

The Group has discounted export bills under letters of credit of HK$3,295,000 (2015: HK$6,848,000) at 31 March 2016 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 27) until settlements are received from customers.

21. 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	
	2016 HK$'000	2015 HK$'000
Carrying amount of transferred assets	**3,295**	6,848
Carrying amount of associated liabilities	**3,295**	6,848

22. AMOUNTS DUE FROM SHAREHOLDERS

The amounts as at 31 March 2015, also being the maximum amount outstanding, represented the receivables from the investment holding companies owned by the Huang's Family and the Green Global Shareholders and were unsecured, interest-free and denominated in HK$, a currency other than the functional currency of the Company. Such balances were fully repaid during the year.

23. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates of 0.01% to 0.35% per annum as at 31 March 2016 (2015: 0.01% to 0.39% per annum).

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

	2016 HK$'000	2015 HK$'000
HK$	**55,811**	52,160
RMB	**148**	120
US$	**3,466**	4,233

As at 31 March 2016, Jiangmen Changda and Jiangmen Changda East maintained bank balances in RMB of HK$2,601,000 (2015: HK$3,614,000). 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.

24. TRADE AND OTHER PAYABLES

	2016 HK$'000	2015 HK$'000
Trade payables (note)	**12,883**	14,253
Accrued staff costs	**3,377**	4,006
Accrued listing expenses	**–**	660
Accrued expenses	**3,239**	2,446
Deposits received from customers	**902**	1,481
Value-added tax payables	**765**	–
Total trade and other payables	**21,166**	22,846

Note: At 31 March 2016, included in the trade payables was an amount of HK$302,000 (2015: 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.

24. 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:

	2016 HK$'000	2015 HK$'000
Within 30 days	**4,980**	4,307
31 to 60 days	**1,845**	4,121
61 to 90 days	**1,968**	2,917
Over 90 days	**4,090**	2,908
	12,883	14,253

25. DERIVATIVE FINANCIAL INSTRUMENTS

	2016 HK$'000	2015 HK$'000
Derivatives not under hedge accounting		
Foreign currency forward contracts	**307**	–

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 2016

Notional amount	**Exercise period**	**Forward contract rate**
7 contracts to sell US$1,800,000 (gross settlement)	From 1/4/2016 to 23/9/2016	US$1/RMB6.31 to US$1/RMB6.35

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:

	2016	2015
RMB risk-free interest rate	**1.94% to 2.03%**	N/A
US$/RMB market forward rate	**US$1/RMB6.46 to US$1/RMB6.48**	N/A

26. OBLIGATIONS UNDER A FINANCE LEASE

	Minimum lease payments		Present value of minimum lease payments	
	2016 **HK$'000**	2015 HK$'000	**2016** **HK$'000**	2015 HK$'000
Amounts payable under a finance lease:				
Within one year	**267**	356	**263**	342
More than one year but not more than two years	**–**	267	**–**	263
	267	623	**263**	605
Less: Future finance charges	**(4)**	(18)		
Present value of lease obligations	**263**	605		
Less: Amount due for settlement within one year (shown under current liabilities)			**(263)**	(342)
Amount due for settlement after one year			**–**	263

The Group leased a motor vehicle under a finance lease with lease term of 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.

27. BANK BORROWINGS

	2016 HK$'000	2015 HK$'000
Bank loans	**33,498**	26,832
Discounted export bills with recourse	**3,295**	6,848
	36,793	33,680
Secured	**3,295**	6,848
Unsecured	**33,498**	26,832
	36,793	33,680
Carrying amount of bank borrowings that are repayable within one year and contain a repayable on demand clause*	**16,787**	29,119
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*	**6,307**	2,555
– More than two years but not exceeding five years*	**13,699**	2,006
	20,006	4,561
	36,793	33,680

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

The above bank borrowings bear interests at United States Prime lending rates of the respective leading banks for both years and Hong Kong Prime lending rates of the respective leading banks minus 1% to plus 0.5% per annum for the year (2015: plus 0.5% to 2%).

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:

	2016	2015
Effective interest rates (per annum):		
Variable-rate borrowings	**3.25%–5.50%**	3.25%–7.00%

Details of the pledged assets to secure the bank borrowings are set out in note 33.

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

	2016 HK$'000	2015 HK$'000
HK$	**29,561**	6,985

28. 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 2014	–	314	314
Charge for the year	71	286	357
At 31 March 2015	71	600	671
Credit for the year	–	(165)	(165)
At 31 March 2016	71	435	506

As at 31 March 2016, the Group has unutilised tax losses of HK$3,746,000 (2015: HK$2,623,000) 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 2016 and 2015, respectively. Included in the unrecognised tax losses are losses of HK$564,000 that will expire up to 2021 (2015: nil). Other losses may be carried forward indefinitely.

29. CAPITAL

The movement in share capital of the Company is as follows:

Ordinary shares of HK$0.01 each

	Number of shares	Amount HK$
Authorised:		
At 1 April 2014, 31 March 2015 and 2016	10,000,000,000	100,000,000

	Number of shares	Amount HK$	Shown in the consolidated financial statements HK$'000
Issued and fully paid:			
At 1 April 2014	1,000,000	10,000	10
Issue of shares pursuant to the Loan Capitalisation Issue (note a)	255,400	2,554	3
Issue of shares pursuant to the Capitalisation Issue (note b)	148,744,600	1,487,446	1,487
Issue of shares by way of placing (note c)	50,000,000	500,000	500
At 31 March 2015 and 31 March 2016	200,000,000	2,000,000	2,000

29. CAPITAL (CONTINUED)

Notes:

(a) Pursuant to a written resolution passed by the shareholders of the Company on 9 February 2015, the Company issued and allotted 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").

(b) 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").

(c) 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 rank pari passu with the then existing ordinary shares in all respects.

30. MAJOR NON-CASH TRANSACTIONS

(a) 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 (2016: nil).

(b) 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 (2016: nil).

(c) During the year ended 31 March 2016, the Group disposed of certain property, plant and equipment for a consideration of HK$129,000 (2015: nil) and the balance was settled by setting off with a trade payable of same amount.

31. 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:

	2016 HK$'000	2015 HK$'000
Within one year	**1,825**	2,148
In the second to fifth years inclusive	**2,022**	3,587
	3,847	5,735

Included in above operating lease commitments as at 31 March 2016, HK$92,000 and nil are payable within one year and in the second to fifth years inclusive to PMIL (2015: HK$276,000 and HK$92,000).

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 (2015: one to ten years).

32. CAPITAL COMMITMENTS

	2016 HK$'000	2015 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**354**	–

33. PLEDGE OF ASSETS

At 31 March 2016, the Group's trade receivables of HK$3,295,000 were pledged to secure export bills discounted with full recourse (2015: HK$6,848,000).

34. 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, of which contribution is matched by employees.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit plans operated by the government of the PRC. 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.

35. INVESTMENT IN SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2016 and 2015 are as follows:

Name of subsidiaries	Place of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group		Principal activities
				2016	2015	
CD Enterprises[1]	British Virgin Islands ("BVI")	Hong Kong	US$100,000	**100%**	100%	Investment holding
Star Resources Trading (HK) Limited (formerly known as 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[2,4]	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$2,850,000	**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. Capital injection of US$2,500,000, US$50,000 and US$300,000 was made in March, July and August 2015 and the remaining capital of US$7,150,000 will be injected before 2017 according to the memorandum of association of the subsidiary.
4. Jiangmen Changda is a wholly-owned subsidiary of Million Champ Trading which do not have material non-controlling interests during both years.

None of the subsidiaries held any debt securities outstanding at 31 March 2015 and 2016 or at any time during both years.

36. 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	2016 HK$'000	2015 HK$'000
PMIL	Rental expenses	**276**	276

(b) The remuneration of key management personnel, who are deemed to be the members of the Board of Directors of the Company which are responaible for planning, directing and controlling the activities of the Group, for both years was disclosed in note 13.

37. 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.

The following table discloses movements of the Company's share options held by a director and employees during the year ended 31 March 2016:

Categories of participants	Date of grant	Vesting period	Exercisable period	Exercise price	Granted during the year and outstanding at 31.3.2016
Executive director	2.10.2015	N/A*	2.10.2015 – 23.2.2025	HK$0.83	666,666
	2.10.2015	2.10.2015 - 31.3.2016	1.4.2016 – 23.2.2025	HK$0.83	666,667
	2.10.2015	2.10.2015 - 31.3.2017	1.4.2017 – 23.2.2025	HK$0.83	666,667
Employees	2.10.2015	N/A*	2.10.2015 – 23.2.2025	HK$0.83	2,266,666
	2.10.2015	2.10.2015 - 31.3.2016	1.4.2016 – 23.2.2025	HK$0.83	2,266,667
	2.10.2015	2.10.2015 - 31.3.2017	1.4.2017 – 23.2.2025	HK$0.83	2,266,667
	19.11.2015	N/A*	19.11.2015 – 23.2.2025	HK$0.85	333,333
	19.11.2015	19.11.2015 - 31.3.2016	1.4.2016 – 23.2.2025	HK$0.85	333,333
	19.11.2015	19.11.2015 - 31.3.2017	1.4.2017 – 23.2.2025	HK$0.85	333,334
					9,800,000

* Being vested immediately.

37. SHARE OPTION SCHEME (CONTINUED)

During the year ended 31 March 2016, options were granted on 2 October 2015 and 19 November 2015 with an aggregate estimated fair value of HK$3,300,000 and HK$380,000, respectively.

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

Date of grant	**2.10.2015**	**19.11.2015**
Share price at grant date	HK$0.83	HK$0.85
Exercise price	HK$0.83	HK$0.85
Expected volatility	43%	43%
Expected life	9.4 years	9.3 years
Risk-free rate	1.47%	1.63%
Expected dividend yield	0%	0%
Exercise multiple	2.2 or 2.8	2.2

Expected volatility was determined by using the annualised standard deviation of historical share price daily movements of selected comparable companies in same industry. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the share-based payments of HK$2,852,000 for the year ended 31 March 2016 (2015: nil) in relation to share options granted by the Company.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in the computing of the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

38. FINANCIAL INFORMATION OF THE COMPANY

Financial information of the Company as at 31 March 2016 and 2015 is as follows:

	2016 **HK$'000**	2015 HK$'000
Non-current assets		
Investment in a subsidiary	**780**	780
Current assets		
Amounts due from subsidiaries	**21,691**	36,261
Amounts due from shareholders	**–**	10
Bank balances and cash	**45,414**	50,130
	67,105	86,401
Current liabilities		
Accrued expenses	**368**	741
Amounts due to subsidiaries	**–**	17,613
	368	18,354
Net current assets	**66,737**	68,047
Net assets	**67,517**	68,827
Capital and reserves		
Capital	**2,000**	2,000
Reserves (Note)	**65,517**	66,827
	67,517	68,827

38. FINANCIAL INFORMATION OF THE COMPANY (CONTINUED)

Note:

	Attributable to owners of the Company				
	Share premium HK$'000	Share option reserve HK$'000	Other reserve HK$'000 (Note)	Accumulated losses HK$'000	Total HK$'000
At 1 April 2014	–	–	–	(15,322)	(15,322)
Loss for the year	–	–	–	(3,611)	(3,611)
Loan capitalisation issue	–	–	33,352	–	33,352
Capitalisation issue	(1,487)	–	–	–	(1,487)
Effect of share swap pursuant to group reorganisation	–	–	780	–	780
Issue of shares by way of placing	59,500	–	–	–	59,500
Expenses incurred in connection with issue of shares	(6,385)	–	–	–	(6,385)
At 31 March 2015	51,628	–	34,132	(18,933)	66,827
Loss for the year	–	–	–	(4,162)	(4,162)
Recognition of equity-settled share-based payments	–	2,852	–	–	2,852
At 31 March 2016	51,628	2,852	34,132	(23,095)	65,517

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 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 for the past five financial years prepared on the basis set out in notes below:

	Year ended 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Continuing operations					
Turnover	**242,073**	308,290	281,791	253,815	265,016
(Loss) profit before taxation	**(8,810)**	5,997	(5,832)	9,625	11,733
Taxation	**(640)**	(3,878)	(3,134)	(2,362)	(2,549)
(Loss) profit from continuing operations	**(9,450)**	2,119	(8,966)	7,263	9,184
Discontinued operation					
Loss from discontinued operation	**–**	–	(3,963)	(162)	–
(Loss) profit for the year	**(9,450)**	2,119	(12,929)	7,101	9,184
Attributable to:					
Owners of the Company	**(9,450)**	2,119	(13,764)	3,938	7,590
Non-controlling interests	**–**	–	835	3,163	1,594
	(9,450)	2,119	(12,929)	7,101	9,184

	As at 31 March				
	2016	2015	2014	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Non-current assets	**29,611**	30,996	32,126	31,525	10,636
Current assets	**112,922**	119,668	80,701	94,501	63,304
Current liabilities	**59,116**	58,488	110,053	98,677	71,896
Non-current liabilities	**506**	934	919	–	–
Total equity	**82,911**	91,242	1,855	27,349	2,044
Attributable to:					
Owners of the Company	**82,911**	91,242	1,855	26,498	4,325
Non-controlling interests	**–**	–	–	851	(2,281)
	82,911	91,242	1,855	27,349	2,044

Notes:

(1) The summary of the consolidated results of the Group for each of three years ended 31 March 2012, 2013 and 2014 and of the assets and liabilities as at 31 March 2012, 2013 and 2014 have been extracted from the Prospectus. 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 years ended 31 March 2015 and 2016 and the consolidated assets and liabilities of the Group as at 31 March 2015 and 2016 are those set out on pages 27 to 28 of this report. The summary for the year ended 31 March 2015 was prepared as if the current structure of the Group had been in existence throughout the financial year.

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