The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong.

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21 March 2012

The Directors
Juda International Holdings Limited
Quam Capital Limited

Dear Sirs,

We set out below our report on the financial information of Juda International Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**"), comprising the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 March 2009, 2010, 2011 and the seven months ended 31 October 2011 (the "**Track Record Period**"), and the combined statements of financial position of the Group as at 31 March 2009, 2010, 2011 and 31 October 2011, together with the notes there to (the "**Financial Information**"), and the comparative combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows of the Group for the seven months ended 31 October 2010 (the "**Unaudited Comparative Financial Information**"), prepared on the basis of presentation set out in Note 3 of Section II below, for inclusion in the prospectus of the Company dated 21 March 2012 (the "**Prospectus**") in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 9 August 2010. Pursuant to a group reorganisation (the "**Reorganisation**"), as more fully explained in the paragraph headed "Corporate Reorganisation" in Appendix V to the Prospectus, the Company became the holding company of the subsidiaries now comprising the Group as set out in Note 2 of Section II. The Reorganisation became effective on 15 February 2012.

The Company has adopted 31 March as its year end date. No audited financial statements have been prepared for the Company since its date of incorporation as there are no statutory requirements for the Company to prepare audited financial statements.

The statutory audited financial statements of Great Top Investment Limited ("**Great Top**") for the year ended 31 March 2009 were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and were audited by Messrs. Y. Wong, certified public accountants registered in Hong Kong. The statutory audited financial statements of Great Top for the years ended 31 March 2010 and 2011 were prepared in accordance with HKFRSs issued by HKICPA and were audited by Au & Partners, certified public accountants registered in Hong Kong.

The statutory audited financial statements of Nice World Chemical Industry (Xiamen) Co., Ltd. ("**NWCI**") for the years ended 31 December 2008 and 2009 were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises in the People's Republic of China (the "**PRC**") and were audited by Xiamen Lihui CPA Co., Ltd. (廈門利滙會計師事務所有限公司), certified public accountants registered in the PRC. The statutory audited financial statements for the year ended 31 December 2010 was prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises in the PRC and were audited by Xiamen Power Certified Public Accountants Co., Ltd. (廈門普和會計師事務所有限公司), certified public accountants registered in the PRC.

BASIS OF PREPARATION

For the purpose of this report, the directors of the Company have prepared the Financial Information for the Track Record Period in accordance with HKFRSs issued by the HKICPA and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Financial Information for each of the Track Record Period were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The Financial Information set out in this report has been prepared from the unaudited financial statements with no adjustments made thereon.

RESPONSIBILITY OF THE DIRECTORS

The directors of the Company are responsible for the contents of the Prospectus, including the preparation of the Financial Information that gives a true and fair view in accordance with the basis set out in Note 3 of Section II. The directors are responsible for the preparation of the Financial Information and the Unaudited Comparative Financial Information that give a true and fair view in accordance with HKFRSs and the Listing Rules, and for such internal control as the directors determine is necessary to enable the preparation of the Financial Information and the Unaudited Comparative Financial Information that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITY OF REPORTING ACCOUNTANTS

For the Financial Information for the Track Record Period, it is our responsibility to form an independent opinion on the Financial Information based on our examination and to report our opinion to you. We examined the relevant audited financial statements or, where appropriate, the relevant unaudited financial statements of the Group for the Track Record Period, and carried out such procedures as are necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

For the purpose of this report, we have reviewed the Unaudited Comparative Financial Information for which the directors of the Company are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists principally of making enquiries of the Group's management and applying analytical procedures to the Unaudited Comparative Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the Unaudited Comparative Financial Information.

OPINION AND REVIEW CONCLUSION

In our opinion, the Financial Information for the Track Record Period, for the purpose of this report and prepared on the basis of presentation and preparation set out in Note 3 of Section II below, gives a true and fair view of the state of affairs of the Company as at 31 March 2011 and 31 October 2011 and the combined state of affairs of the Group as at 31 March 2009, 2010 and 2011 and 31 October 2011 and of the combined results and cash flows of the Group for the Track Record Period.

On the basis of our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe the Unaudited Comparative Financial Information is not prepared, in all material respects, in accordance with the accounting policies set out in Note 3 of Section II below which are in conformity with HKFRSs.

I. FINANCIAL INFORMATION

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
		HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Turnover	7	175,363	231,125	202,727	123,606	149,413
Cost of sales		(157,226)	(194,456)	(166,341)	(105,063)	(129,985)
Gross profit		18,137	36,669	36,386	18,543	19,428
Other revenue	8	379	132	638	382	427
Selling expenses		(610)	(348)	(449)	(259)	(381)
Administrative expenses		(3,854)	(3,837)	(7,625)	(5,331)	(5,590)
Gain on disposal of subsidiaries and an associate	32	–	5,379	–	–	–
Profit from operations	9	14,052	37,995	28,950	13,335	13,884
Finance costs	10	(3,239)	(2,552)	(3,550)	(1,980)	(2,351)
Share of losses of an associate	17	(1,076)	(751)	–	–	–
Profit before taxation		9,737	34,692	25,400	11,355	11,533
Taxation	12	(94)	(2,690)	(3,354)	(1,647)	(1,630)
Profit for the year/period		9,643	32,002	22,046	9,708	9,903
Other comprehensive income for the year/period, net of tax:						
Exchange difference on translation of foreign operations		983	240	4,136	1,876	3,264
Total comprehensive income for the year/period, net of tax		10,626	32,242	26,182	11,584	13,167
Profit/(Loss) attributable to:						
Owners of the Company		9,653	32,003	22,046	9,708	9,903
Non-controlling interests		(10)	(1)	–	–	–
		9,643	32,002	22,046	9,708	9,903
Total comprehensive income/(loss) attributable to:						
Owners of the Company		10,633	32,243	26,182	11,584	13,167
Non-controlling interests		(7)	(1)	–	–	–
		10,626	32,242	26,182	11,584	13,167
Earnings per share attributable to owners of the Company – Basic and diluted (cents)	14	4.83	16.00	11.02	4.85	4.95

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
		HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets					
Interest in an associate	17	21,412	–	–	–
Prepaid lease payments	16	1,905	1,860	1,881	1,900
Property, plant and equipment	15	84,109	80,963	84,455	84,119
		107,426	82,823	86,336	86,019
Current assets					
Inventories	20	19,027	10,365	19,931	27,822
Trade and bills receivables	18	27	5,943	12,084	30,114
Prepayments, deposits and other receivables	19	12,438	9,546	11,275	15,475
Amounts due from related companies	22	808	–	–	–
Properties held for sale	21	2,139	–	–	–
Cash and cash equivalents	23	8,023	62,717	70,143	59,949
		42,462	88,571	113,433	133,360
Current liabilities					
Trade payables	24	9,857	457	6,582	16,507
Receipt in advance		20,720	13,885	8,936	593
Accruals and other payables	25	7,080	9,988	4,668	3,771
Amounts due to related companies	27	21,632	–	–	–
Amount due to a director	28	6	7	7	8
Amount due to a shareholder	29	61,710	69,517	73,688	79,982
Income tax payable		82	2,291	2,147	–
Bank borrowings	26	42,014	56,960	59,270	60,880
		163,101	153,105	155,298	161,741
Net current liabilities		(120,639)	(64,534)	(41,865)	(28,381)
Total assets less current liabilities		(13,213)	18,289	44,471	57,638
Capital and reserves					
Share capital	31(a)	10	10	–	–
Reserves		(13,354)	18,279	44,471	57,638
Equity attributable to owners of the Company		(13,344)	18,289	44,471	57,638
Non-controlling interests		131	–	–	–
Total equity		(13,213)	18,289	44,471	57,638

STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 March 2011	As at 31 October 2011
		HK$'000	HK$'000
Current assets			
Cash and cash equivalents		–	–
Net current assets		–	–
Total assets less current liabilities		–	–
Capital and reserves			
Share capital	31(a)	–	–
Reserves		–	–
Total equity		–	–

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Exchange reserve	Other reserve	Statutory reserve	(Accumulated losses)/ retained earnings	Subtotal	Non-controlling interests	Total
	HK$'000	HK$'000 (Note 31(c))	HK$'000 (Note 31(d))	HK$'000 (Note 31(b))	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2008	10	8,101	–	–	(32,088)	(23,977)	138	(23,839)
Profit for the year	–	–	–	–	9,653	9,653	(10)	9,643
Other comprehensive income for the year	–	980	–	–	–	980	3	983
Total comprehensive income for the year	–	980	–	–	9,653	10,633	(7)	10,626
At 31 March 2009 and 1 April 2009	10	9,081	–	–	(22,435)	(13,344)	131	(13,213)
Profit for the year	–	–	–	–	32,003	32,003	(1)	32,002
Other comprehensive income for the year	–	240	–	–	–	240	–	240
Total comprehensive income for the year	–	240	–	–	32,003	32,243	(1)	32,242
Release upon disposal of subsidiaries (Note 32)	–	(610)	–	–	–	(610)	(130)	(740)
Current year appropriation	–	–	–	1,211	(1,211)	–	–	–
At 31 March 2010 and 1 April 2010	10	8,711	–	1,211	8,357	18,289	–	18,289
Profit for the year	–	–	–	–	22,046	22,046	–	22,046
Other comprehensive income for the year	–	4,136	–	–	–	4,136	–	4,136
Total comprehensive income for the year	–	4,136	–	–	22,046	26,182	–	26,182
Effect of Group Reorganisation	(10)	–	10	–	–	–	–	–
Current year appropriation	–	–	–	2,500	(2,500)	–	–	–
At 31 March 2011 and 1 April 2011	–	12,847	10	3,711	27,903	44,471	–	44,471
Profit for the period	–	–	–	–	9,903	9,903	–	9,903
Other comprehensive income for the period	–	3,264	–	–	–	3,264	–	3,264
Total comprehensive income for the period	–	3,264	–	–	9,903	13,167	–	13,167
Current period appropriation	–	–	–	1,250	(1,250)	–	–	–
At 31 October 2011	–	16,111	10	4,961	36,556	57,638	–	57,638
At 1 April 2010	10	8,711	–	1,211	8,357	18,289	–	18,289
Profit for the period (unaudited)	–	–	–	–	9,708	9,708	–	9,708
Other comprehensive income for the period (unaudited)	–	1,876	–	–	–	1,876	–	1,876
Total comprehensive income for the period (unaudited)	–	1,876	–	–	9,708	11,584	–	11,584
Current period appropriation (unaudited)	–	–	–	1,206	(1,206)	–	–	–
At 31 October 2010 (unaudited)	10	10,587	–	2,417	16,859	29,873	–	29,873

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
OPERATING ACTIVITIES					
Profit before taxation	9,737	34,692	25,400	11,355	11,533
Adjustments for:					
Amortisation of prepaid lease payments for land use rights	52	52	53	30	32
Depreciation of property, plant and equipment	4,598	4,674	5,200	3,088	3,202
Share of losses of an associate	1,076	751	–	–	–
Gain on disposal of subsidiaries and an associate	–	(5,379)	–	–	–
Interest income	(302)	(132)	(565)	(365)	(413)
Finance costs	3,239	2,552	3,550	1,980	2,351
Operating cash flows before movement in working capital	18,400	37,210	33,638	16,088	16,705
(Increase)/decrease in trade and bills receivables	(27)	(5,916)	(5,899)	4,571	(17,703)
Decrease/(increase) in inventories	12,176	8,724	(9,146)	(8,444)	(7,349)
Increase in prepayments, deposits and other receivables	(3,136)	(3,773)	(1,342)	(844)	(3,066)
Decrease in amount due from an associate	6,245	–	–	–	–
Decrease/(increase) in amounts due from related companies	4,333	(6,704)	–	(18,386)	–
(Decrease)/increase in trade payables	(26,403)	(9,190)	6,106	5,969	9,747
Increase/(decrease) in accruals and other payables	4,122	4,617	(5,725)	(9,193)	(1,023)
Increase/(decrease) in receipt in advance	20,302	(6,819)	(5,512)	(4,626)	(8,585)
Decrease in properties held for sale	3,078	–	–	–	–
(Decrease)/increase in amount due to a director	(1)	1	–	–	1
(Decrease)/increase in amount due to a shareholder	(5,021)	7,824	4,171	3,716	6,294
(Decrease)/ increase in amounts due to related companies	(14,499)	4,593	–	–	–
Cash generated from/(used in) operations	19,569	30,567	16,291	(11,149)	(4,979)
PRC tax paid	(12)	(486)	(3,672)	(2,886)	(4,743)
Net cash generated from/(used in) operating activities	19,557	30,081	12,619	(14,035)	(9,722)

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
INVESTING ACTIVITIES					
Interest received	302	132	565	365	413
Capital reduction of an associate	–	17,088	–	–	–
Net cash outflow from disposal of subsidiaries and an associate	–	(3,453)	–	–	–
Purchase of property, plant and equipment	(596)	(1,524)	(5,534)	(239)	(603)
Net cash (used in)/generated from investing activities	(294)	12,243	(4,969)	126	(190)
FINANCING ACTIVITIES					
Decrease in pledged bank deposits	2,390	–	–	–	–
Interest paid	(3,239)	(2,552)	(3,550)	(1,980)	(2,351)
Proceeds from new bank loans	42,014	91,136	59,270	58,075	60,880
Repayment of bank loans	(56,775)	(76,326)	(59,270)	(58,075)	(60,880)
Net cash (used in)/generated from financing activities	(15,610)	12,258	(3,550)	(1,980)	(2,351)
Net increase/(decrease) in cash and cash equivalents	3,653	54,582	4,100	(15,889)	(12,263)
Cash and cash equivalents at beginning of the year/period	4,260	8,023	62,717	62,717	70,143
Effect of foreign currency exchange rate changes	110	112	3,326	1,451	2,069
Cash and cash equivalents at end of the year/period	8,023	62,717	70,143	48,279	59,949
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	8,023	62,717	70,143	48,279	59,949

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Corporate information

The Company was incorporated as a limited liability company in the Cayman Islands on 9 August 2010. Its ultimate controlling shareholders are Mr. Choi Lim Chi ("**Mr. Choi**") and Ms. Wong Sai ("**Mrs. Choi**"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY-111, Cayman Islands and its principal place of business in Hong Kong is located at Room 01C, 10th Floor, Kin Wing Commercial Building, 24–30 Kin Wing Street, Tuen Mun, New Territories, Hong Kong.

In the opinion of the directors, the Company's ultimate holding company is Lian Wang Limited, a company incorporated in the British Virgin Islands.

The principal activity of the Company is investment holding. The principal activities of the Group are the manufacture and sale of chemicals in the PRC.

2. REORGANISATION

In preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the Group underwent the Reorganisation, as a result of which the Company became a holding company of the subsidiaries comprising the Group. The Reorganisation included the following principal steps:

(a) On 1 July 2010, Lian Wang Limited (the "**Lian Wang**") was incorporated in the British Virgin Islands (the "**BVI**") with an authorised share capital of US$50,000 shares of US$1.00 each. On the date of its incorporation, 1 share and 9,999 shares were issued and allotted to Mr. Choi and Mrs. Choi respectively.

(b) On 9 August 2010, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the date of incorporation, one nil-paid subscriber share was transferred to Lian Wang.

(c) On 5 July 2010, Shengfa Limited ("**Shengfa**") was incorporated in the BVI with an authorised capital of US$50,000 divided into 50,000 shares of US$1.00 each. On 27 August 2010, 1 share was issued and allotted to the Company for cash at par.

(d) On 5 July 2010, Cheng Wang Limited ("**Cheng Wang**") was incorporated in the BVI with an authorised capital of US$50,000 divided into 50,000 shares of US$1.00 each. On 27 August 2010, 1 share was issued and allotted to Shengfa for cash at par.

(e) On 3 February 2012, Cheng Wang acquired (i) the entire issued share capital of Great Top Investment Limited ("**Great Top**") from Mr. Choi and Mrs. Choi; and (ii) all the outstanding indebtedness in the aggregate sum of HK$79,990,000 due or owing from Great Top to Mr. Choi and Mrs. Choi. In consideration for such acquisition:

    (i) Cheng Wang had, at the direction of Mr. Choi and Mrs. Choi, procured the Company to:

        (aa) allot and issue 999,999 new shares, credited as fully paid, to Lian Wang;

(bb) credit as fully paid at par 1 nil-paid share held by Lian Wang;

(ii) 1 ordinary share of US$1.00 each in Shengfa, credited as fully paid, was allotted and issued to the Company; and

(iii) 1 ordinary share of US$1.00 each in Cheng Wang, credited as fully paid, was allotted and issued to Shengfa.

Upon the completion of the Reorganisation on 15 February 2012, the Company became the holding company of the companies now comprising the Group.

Particulars of the subsidiaries, which are all private companies, of the Group at the date of this report are set out below:

Company name	Place and date of registration and operations	Issued and paid up/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Subsidiaries					
Shengfa	The BVI/ 5 July 2010	US$1/ US$50,000	100	–	Investment holding
Cheng Wang	The BVI/ 5 July 2010	US$1/ US$50,000	–	100	Investment holding
Great Top *(note i)*	Hong Kong/ 1 April 1993	HK$10,000	–	100	Investment holding
NWCI *(note ii)*	The PRC/Mainland China 22 December 1995	US$8,000,000	–	100	Manufacture and sale of chemicals

The English name of the Company's subsidiary in the PRC represents the translated name of the company as no English name has been registered.

As at the date of this report, no statutory audited financial statements have been prepared for Shengfa and Cheng Wang since their date of incorporation as there are no statutory requirements for Shengfa and Cheng Wang to prepare audited financial statements.

Notes:

(i) The statutory audited financial statements for the year ended 31 March 2009 were prepared in accordance with HKFRSs and were audited by Messrs. Y. Wong, certified public accountants registered in Hong Kong. The statutory audited financial statements for the years ended 31 March 2010 and 2011 were prepared in accordance with HKFRSs and were audited by Au & Partners, certified public accountants registered in Hong Kong.

(ii) The statutory audited financial statements for the years ended 31 December 2008 and 2009 were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises in the PRC and were audited by Xiamen Lihui CPA Co., Ltd. (廈門利匯會計師事務所有限公司). The statutory audited financial statements for the year ended 31 December 2010 was prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises in the PRC and were audited by Xiamen Power Certified Public Accountants Co., Ltd. (廈門普和會計師事務所有限公司).

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes HKFRSs, Hong Kong Accounting Standards ("**HKAS**") and related interpretations promulgated by the HKICPA. The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange.

The HKICPA has issued a number of new and revised HKFRSs during the Track Record Period. For the purpose of preparing this Financial Information, the Group has adopted all these new and revised HKFRSs to the Track Record Period.

At the date of this report, the Group has not applied the following new or revised standards, amendments and interpretations that have been issued by the HKICPA but are not yet effective, in the Financial Information:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosure – Transfer of Financial Assets[1]
	Disclosure – Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]

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

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2015, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's combined financial statements for the annual period beginning 1 April 2015 and that the application of the new standard may have a significant impact on amounts reported in respect of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 Disclosures – Transfer of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level continuing exposure in the asset. The amendments also require disclosures when transfers of financial assets are not evenly distributed throughout the period.

The directors of the Company anticipate that the application of the above new or revised standards, amendments and interpretations will have no material effect on the results and financial position of the Group.

(b) Basis of preparation

The Financial Information is presented in Hong Kong Dollar ("**HK$**"), rounded to the nearest thousand except when otherwise indicated, which is the presentation currency and the functional currency of the Company.

The measurement basis used in the preparation of the Financial Information is the historical cost convention except for certain financial assets and financial liabilities which have been carried at fair value as explained below.

The preparation of the Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are discussed in Note 4.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

(c) Basis of presentation

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 15 February 2012. Since Mr. Choi and Mrs. Choi controlled the Group before and after the Reorganisation, the Reorganisation is accounted for as reorganisation under common control in a manner similar to the principles of merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combination" issued by the HKICPA. As a result, the Financial Information is prepared under the basis as if the Reorganisation had been completed at the beginning of the Track Record Period.

The Financial Information which is based on the audited combined financial statements of the companies now comprising the Group includes the combined statements of comprehensive income, changes in equity, cash flows and financial position of the companies now comprising the Group, as if the current group structure had been in existence throughout the years, or since their respective dates of incorporation, whichever is a shorter period. All significant intra-group transactions and balances have been eliminated on consolidation.

(d) Basis of consolidation

The combined financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the combined statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of combined subsidiaries are presented separately from the Group's equity therein. Non-controlling interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. Acquisitions of non-controlling interests are accounted for using the entity concept method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as an equity transaction. Total comprehensive income and expenses of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 April 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

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.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(e) Business combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

(i) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

(ii) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and

(iii) assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another standard.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase.

Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(f) Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities. The results of subsidiaries are included in the Company's statement of comprehensive income to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

(g) Property, plant and equipment

Property, plant and equipment are stated in the combined statements of financial position at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	40 years
Plant and machinery	5 – 20 years
Furniture, fixtures and equipment	5 years
Motor vehicle	10 years

The residual values and useful lives of items of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss on disposal or retirement of an item of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the combined statement of comprehensive income.

(h) Intangible assets (other than goodwill)

Intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets are amortised over their estimated useful lives on a straight line basis. Intangible assets are tested for impairment either individually or at the cash-generating unit level when there is an indication that an asset may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised as income immediately.

(i) Impairment of assets

Internal and external sources of information are reviewed at the end of each reporting period to determine whether there is any indication of impairment of assets, or whether there is any indication that an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the combined statement of comprehensive income in the year in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant policy for that revalued asset.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the higher of its net selling price and value in use. The net selling prices is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of any asset and from its disposal at the end of its useful life. Where an asset does not generate cash inflows largely independent of those from other asset, the recoverable amount is determined for the smallest of asset that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates the reversal effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the combined statement of comprehensive income in the year in which the reversals are recognised.

(j) Financial instruments

Financial assets and financial liabilities are recognised on the combined statements of financial position when an entity becomes a party to the contractual provisions of the instruments. 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 and 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 the combined statements of comprehensive income.

(i) Financial assets

Financial assets are classified into loans and receivables (including cash and bank balances). All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales of financial assets that requires delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables including trade receivables, other receivables, and cash and bank balances are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in the combined statements of comprehensive income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction 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.

(ii) Financial liabilities (including interest-bearing borrowings)

Financial liabilities including trade payables, accruals and other payables, amounts due to related companies and bank borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the combined statements of comprehensive income.

Gains and losses are recognised in the combined statements of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the entity has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, 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 directly in equity is recognised in the combined statements of comprehensive income.

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

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

The production costs are allocated between the Phthalic anhydride ("PA"), fumaric acid and other by-products of PA. Costs that are directly related to the production of fumaric acid, including but not limited to direct labour costs for the staff responsible for the production of fumaric acid, depreciation of machinery used for fumaric acid production, cost of consumables and purchase cost of Maleic anhydride ("MA") used for the production of fumaric acid from independent suppliers, are allocated to the cost of fumaric acid. Production costs that are directly attributable to the production of PA, including but not limited to direct material costs for the production of PA, direct labour costs for the staff responsible for the production of PA, depreciation of machinery used for PA production, utilities and chemicals consumed during the production process of PA, are allocated to the cost of PA.

As MA and other by-products of PA generated internally represents incidental products obtained from the normal production process of PA with no additional costs are required, there are no costs incurred which are directly attributable to the production of MA and other by-products of PA. There is no direct or overhead cost associated with the production of MA and other by-products of PA. As such, there are no reasonable basis of cost allocation and no cost incurred directly for the production of PA is allocated to the cost of production of the by-products of PA.

(l) Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted to use.

(m) Revenue recognition

Turnover is recognised when it is probable that the economic benefits will flow to the Group and when the turnover can be measured reliably on the following bases:

(i) Sale of chemicals

Sale of chemicals are recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. Turnover excludes value added tax ("**VAT**") or other sales taxes and is after deduction of any trade discounts.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(iii) Sale of properties

Sale of properties is recognised upon the execution of a binding sale and purchase agreement.

(iv) Rental income

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

(n) Retirement benefits costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the combined statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

As stipulated by the rules and regulations of the PRC, the Company's subsidiaries registered in the PRC are required to contribute to a state-sponsored retirement plan for all its PRC employees at certain percentages of the basic salaries predetermined by the local governments. The state-sponsored retirement plan is responsible for the entire retirement benefit obligations payable to retired employees and the Group has no further obligations for the actual retirement benefit payments or other post-retirement benefits beyond the annual contributions.

The costs of employee retirement benefits are recognised as expenses in the combined statements of comprehensive income in the period in which they are incurred.

(o) Income tax

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 net profit as reported in the combined statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes combined statements of comprehensive income items that are never taxable or deductible.

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the combined statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligations.

(q) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(r) Foreign currencies

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

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

(s) Borrowing costs

Borrowing costs are interests and other costs incurred in connection with the borrowing of funds. All borrowing costs are charged to the combined statements of comprehensive income in the period in which they are incurred.

(t) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to sale proceeds received after the end of the reporting period less selling expenses, or by management estimates based on prevailing market condition.

Costs of properties include acquisition costs, development expenditure, interest and other direct costs attributable to such properties. The carrying values of properties held by subsidiaries are adjusted in the combined financial statements to reflect the Group's actual acquisition costs where appropriate.

(u) Related parties transactions

A party is considered to be related to the Group if:

(1) A person or entity that is preparing the financial statements of the Group;

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

(vi) The entity is controlled or jointly controlled by a person identified in (2).

(vii) A person identified in (2)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(v) Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to the combined statements of comprehensive income on the straight-line basis over the lease terms.

Prepaid lease payments for land use rights

Prepaid lease payments for land use rights is stated as cost less subsequent accumulated amortisation and any accumulated impairment losses. The cost of interest in leasehold land are amortised on a straight line basis over the relevant interest in leasehold land.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(x) Dividends distribution

Final dividend proposed by the directors are classified as a separate allocation of retained profits within the equity section of the combined statement of financial position, until they have been approved by shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability in the Group's financial statements.

Interim dividends are recognised as a liability when they are proposed and declared.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in Note 3, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next year, are discussed below:

(a) Income taxes

The Group is subject to income taxes in numerous tax authorities. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for an asset at the end of each reporting period. The asset is tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, an estimation of the value in use of the cash-generating units to which the asset is allocated will be required. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

(c) Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at the end of the reporting period based on changes in circumstances.

5. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

The carrying amount of each of the categories of financial instruments as at the end of the reporting period is as follows:

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Loan and receivables				
– amounts due from related companies	808	–	–	–
– trade and bills receivables	27	5,943	12,084	30,114
– financial assets included in prepayments, deposits and other receivables	5,228	5,079	497	551
– cash and cash equivalents	8,023	62,717	70,143	59,949
	14,086	73,739	82,724	90,614
Financial liabilities				
At amortised cost				
– amounts due to related companies	21,632	–	–	–
– amount due to a director	6	7	7	8
– amount due to a shareholder	61,710	69,517	73,688	79,982
– trade payables	9,857	457	6,582	16,507
– financial liabilities included in accruals and other payables	2,878	1,046	3,514	1,119
– bank borrowings	42,014	56,960	59,270	60,880
	138,097	127,987	143,061	158,496

(b) Financial risk management objective and policies

The Group's major financial instruments include amounts due from related companies, trade and bills receivables, prepayments, deposits and other receivables, cash and cash equivalents, trade payables, accruals and other payables, bank borrowings, amount due to a shareholder, amount due to a director and amounts due to related companies. The 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.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. The directors review and agree policies for managing each of these risks and they are summarised below.

(a) Credit risk

The carrying amounts of trade and bills receivables and amounts due from related companies included in the combined statements of financial position represent the Group's maximum exposure to credit risk in relation to the Group's financial assets. No other financial assets carry a significant exposure to credit risk.

The Group's concentration of credit risk by geographical location is mainly in the PRC. The Group also has concentration of credit risk by customers as approximately nil, 100%, 100% and 100% of total trade receivables was due from the Group's five largest customers as at 31 March 2009, 2010 and 2011 and 31 October 2011 respectively.

In order to minimise the credit risk, the management of the Group has credit approvals and other monitoring procedures to ensure that follow-up action is taken on a timely basis and adequate impairment losses are made for irrecoverable amounts overdue. In this regards, the directors of the Company consider that the Group's credit risk is significantly reduced.

Substantially all of the Group's cash and cash equivalents are mainly deposited in the state controlled PRC banks which the directors assessed the credit risk to be insignificant.

(b) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. The Group will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

The Group's financial liabilities are analysed into relevant maturity groupings based on the remaining period at the respective end of the reporting periods to the contractual maturity date, using the contractual undiscounted cash flows, as follows:

	Weighted average interest rate	Carrying amount	On demand	Less than 1 year	Over 1 year	Total
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 October 2011						
Trade payables	–	16,507	–	16,507	–	16,507
Accruals and other payables	–	1,119	–	1,119	–	1,119
Bank borrowings	8.53	60,880	–	60,880	–	60,880
Amount due to a director	–	8	8	–	–	8
Amount due to a shareholder	–	79,982	79,982	–	–	79,982
		158,496	79,990	78,506	–	158,496
At 31 March 2011						
Trade payables	–	6,582	–	6,582	–	6,582
Accruals and other payables	–	3,514	–	3,514	–	3,514
Bank borrowings	6.67	59,270	–	59,270	–	59,270
Amount due to a director	–	7	7	–	–	7
Amount due to a shareholder	–	73,688	73,688	–	–	73,688
		143,061	73,695	69,366	–	143,061
At 31 March 2010						
Trade payables	–	457	–	457	–	457
Accruals and other payables	–	1,046	–	1,046	–	1,046
Bank borrowings	5.73	56,960	–	56,960	–	56,960
Amount due to a director	–	7	7	–	–	7
Amount due to a shareholder	–	69,517	69,517	–	–	69,517
		127,987	69,524	58,463	–	127,987
At 31 March 2009						
Trade payables	–	9,857	–	9,857	–	9,857
Accruals and other payables	–	2,878	–	2,878	–	2,878
Bank borrowings	5.94	42,014	–	42,014	–	42,014
Amount due to a director	–	6	6	–	–	6
Amount due to a shareholder	–	61,710	61,710	–	–	61,710
Amounts due to related companies	–	21,632	21,632	–	–	21,632
		138,097	83,348	54,749	–	138,097

(c) *Interest rate risk*

The Group's exposure to changes in interest rates is mainly attributable to its bank borrowings. Bank borrowings at variable rates expose the Group to cash flow interest rate risk. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group currently does not have any interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis on interest rate risk

Regarding the cash flow interest rate risk, the sensitivity analysis set out below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For variable rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the three years ended 31 March 2009, 2010 and 2011 and the three months ended 31 October 2011 would decrease/increase by approximately HK$170,000, HK$285,000, HK$296,000 and HK$304,000 respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(d) *Currency risk*

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The main operations of the Group were in the PRC and most of the transactions were denominated in RMB. The Group did not use any derivative financial instruments to hedge for its foreign exchange risk exposure during the Track Record Period.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

	Assets	Liabilities
	HK$'000	HK$'000
As at 31 October 2011		
RMB	213,277	81,733
As at 31 March 2011		
RMB	197,359	81,581
As at 31 March 2010		
RMB	171,376	83,576
As at 31 March 2009		
RMB	149,870	101,381

Sensitivity analysis on currency risk

The Group is mainly exposed to the effects of fluctuation of RMB.

The following table details the Group's sensitivity to a 5% increase or decrease in HK$ against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an decrease in profit and increase in other equity where HK$ strengthen 5% against the relevant currencies. For a 5% weakening of HK$ against the relevant currencies, there would be an equal and opposite impact on the profit and other equity.

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Impact on RMB				
Other equity (note(i))	2,424	4,390	5,789	6,577

(i) This is mainly attributable to the exposure outstanding receivables and payables denominated in RMB at the end of the reporting period.

(e) Commodity risk

Given that orthoxylene is a by-product of crude oil, the Group's profitability depends on the prices of crude oil. Prices of crude oil are affected by numerous factors such as exchange rates, inflation or deflation and global and regional supply and demand. The Group does not enter into commodity derivative instruments or futures to hedge any potential price fluctuations of crude oil. Therefore, fluctuations in the prices of crude oil, and hence, prices of orthoxylen, will have a direct effect on the Group's sales and profit. However, the management monitors the commodity risk exposure and will consider hedging significant commodity risk exposure should the need arise.

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

(i) the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

(ii) the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The carrying amount of other financial assets and liabilities carried at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 31 October 2011.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

No analysis is disclosed since the Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

Capital risk management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

The Group monitors capital using a gearing ratio, which is total debts divided by total assets. The Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratios at the end of the reporting period are as follows:

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Total debts	125,362	126,484	132,965	140,870
Total assets	149,888	171,394	199,769	219,379
Gearing ratio	0.84	0.74	0.67	0.64

Note:

Total debts comprise amount due to a director, amount due to a shareholder, amounts due to related companies and bank borrowings as detailed in Notes 28, 29, 27 and 26 respectively.

6. OPERATING SEGMENT

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach.

The Group currently operates in one business segment in the manufacture and sale of chemicals in the PRC. A single management team reports to the chief operating decision makers who comprehensively manages the entire business. Accordingly, the Group does not have separately reportable segments.

Turnover from major products

The Group's turnover from its major products is as follows:

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Turnover:					
Sale of Phthalic Anhydride ("**PA**")	147,582	207,768	171,569	108,313	129,114
Sale of fumaric acid and other by-products of PA	19,839	18,531	25,904	10,095	20,299
Sale of raw materials	2,016	4,769	5,254	5,198	–
Others	5,926	57	–	–	–
	175,363	231,125	202,727	123,606	149,413

Information about geographical areas

As all of the Group's turnover is derived from customers based in the PRC and all the Group's identifiable assets and liabilities are located in the PRC, no geographical segment information is presented in accordance with HKFRS 8 Operating Segments.

Information about major customers

The Group's customer base includes 2, 2, 2, 3 and 3 customers with whom transactions have exceeded 10% of the Group's turnover during the years ended 31 March 2009, 2010 and 2011 and the seven months ended 31 October 2011 and 2010, sales from these customers are set out below:

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Customer A	69,729	97,970	70,347	43,120	27,985
Customer B	49,799	–	–	–	–
Customer C	–	91,142	82,185	44,449	25,516
Customer D	–	–	–	13,929	46,969

7. TURNOVER

The principal activities of the Group are the manufacture and sale of chemicals in the PRC. Prior to the disposal of 廈門英大房地產有限公司 (transliterated as Xiamen Ying Da Real Estate Co., Ltd) on 19 March 2010, the Group also engaged in sale of properties and rental of properties.

The Group's turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts. The turnover is as follows:

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Sale of PA	147,582	207,768	171,569	108,313	129,114
Sale of fumaric acid and other by-products of PA	19,839	18,531	25,904	10,095	20,299
Sale of raw materials	2,016	4,769	5,254	5,198	–
Sale of properties	5,588	–	–	–	–
Rental income	338	57	–	–	–
	175,363	231,125	202,727	123,606	149,413

8. OTHER REVENUE

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Bank interest income	302	132	565	365	413
Sundry income	77	–	73	17	14
	379	132	638	382	427

9. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging:

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Staff costs:					
Employee benefit expense (including directors' remuneration (Note 11)):					
Wages and salaries	3,946	4,401	4,721	2,629	3,188
Provident fund contributions	22	26	30	16	19
Pension scheme contributions	363	338	417	233	310
Staff welfare expenses	51	138	244	132	89
	4,382	4,903	5,412	3,010	3,606
Other items:					
Depreciation of owned property, plant and equipment (Note 15)	4,598	4,674	5,200	3,088	3,202
Amortisation of prepaid lease payments for land use rights (Note 16)	52	52	53	30	32
Auditors' remuneration	46	11	139	137	55
Listing expenses	–	–	1,160	867	2,197
Cost of property sold	3,073	–	–	–	–
Cost of inventories sold	151,910	194,361	166,145	105,029	129,698
Operating lease rentals in respect of land and building	–	–	174	24	346

For the years ended 31 March 2009, 2010 and 2011 and the seven months ended 31 October 2011, the cost of catalysts recognised as cost of sales of were approximately HK$872,000, HK$834,000, HK$746,000 and HK$658,000 respectively.

10. FINANCE COSTS

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Interests on early redemption of bills receivable	18	33	–	–	–
Interest on bank borrowings wholly repayable within five years	3,221	2,519	3,550	1,980	2,351
	3,239	2,552	3,550	1,980	2,351

11. DIRECTORS' AND KEY MANAGEMENT PERSONNEL EMOLUMENTS

(a) Directors' emoluments

Details of directors' emoluments are as follows:

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	492	516	541	314	337
Provident fund contributions	22	26	24	14	14
Total	514	542	565	328	351

(b) Independent non-executive directors' emoluments

The fees paid to independent non-executive directors during the Track Record Period were as follows:

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Mr. Yan Wai Kiu (formerly known as Mr. Yan Kin Wai)	–	–	–	–	–
Mr. Wong Kin Tak	–	–	–	–	–
Mr. Choi Kin Cheong	–	–	–	–	–
	–	–	–	–	–

During the Track Record Period, no emoluments were paid by the Group to the independent non-executive directors as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which an independent non-executive director waived or agreed to waive any emoluments during the Track Record Period.

(c) Executive and non-executive directors

	Fees	Salaries, allowances and benefits in kind	Provident fund contributions	Total remuneration
	HK$'000	HK$'000	HK$'000	HK$'000
Period ended 31 October 2011				
Executive directors				
Mr. Choi	–	231	14	245
Mr. Chen Fan ("**Mr. Chen**")	–	106	–	106
Mr. Lee Lit Mo Johnny ("**Mr. Lee**")	–	–	–	–
	–	337	14	351
Period ended 31 October 2010 (unaudited)				
Executive directors				
Mr. Choi	–	231	14	245
Mr. Chen	–	83	–	83
Mr. Lee	–	–	–	–
	–	314	14	328
Year ended 31 March 2011				
Executive directors				
Mr. Choi	–	396	24	420
Mr. Chen	–	145	–	145
Mr. Lee	–	–	–	–
	–	541	24	565
Year ended 31 March 2010				
Executive directors				
Mr. Choi	–	396	26	422
Mr. Chen	–	120	–	120
Mr. Lee	–	–	–	–
	–	516	26	542
Year ended 31 March 2009				
Executive directors				
Mr. Choi	–	384	22	406
Mr. Chen	–	108	–	108
Mr. Lee	–	–	–	–
	–	492	22	514

During the Track Record Period, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during the Track Record Period.

(d) Five highest paid employees

The five highest paid employees of the Group during the Track Record Period are analysed as follows:

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Directors	514	542	565	328	351
Non-directors	276	321	352	176	227
	790	863	917	504	578

Details of the remuneration of the above non-director, highest paid employees during the Track Record Period are as follows:

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Salaries, allowances and benefits in kind	241	287	312	162	208
Pension scheme contributions	35	34	40	14	19
	276	321	352	176	227

The pension scheme contributions represented the Group's statutory contributions to a defined contribution pension scheme organised by the PRC government and were determined based on certain percentage of the salaries of the employees.

The number of these non-director, highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
				(unaudited)	
Nil to HK$1,000,000	3	3	3	3	3

During the Track Record Period, no emoluments were paid by the Group to the non-director, highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. None of the non-director, highest paid employees waived or agreed to waive any emoluments during the Track Record Period.

12. TAXATION

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Current tax for the year/period					
– PRC enterprise income tax	94	2,690	3,354	1,647	1,630

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

No provision has been made for Hong Kong profits tax as the Group had no assessable profits arising in Hong Kong during the Track Record Period.

In accordance with the various approval documents issued by the State Tax Bureau and the Local Tax Bureau of PRC, NWCI, which was established as wholly foreign-owned enterprise in the PRC, was entitled to a full exemption from the state and local corporate income tax of the PRC for their first two profitable years of operations and thereafter a 50% relief from the state corporate income tax of the PRC for the following three years. NWCI is also entitled to a preferential corporate income tax rate of 18%, 20%, 22% and 24% for 2008, 2009, 2010 and 2011 respectively, in accordance with the relevant laws and regulations in the PRC as it was established in the special economic zone in the PRC.

The two-year tax exemption period for NWCI expired on 31 December 2008, and a three-year 50% tax relief commenced on 1 January 2009.

The tax concessions enjoyed by NWCI, including the preferential corporate income tax rate and 50% tax relief allowed, was expired on 31 December 2011.

During the 5th Session of the 10th National People's Congress which was concluded on 16 March 2007, the PRC Enterprise Income Tax Law was approved and became effective from 1 January 2008. The PRC Enterprise Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%.

According to the PRC Enterprise Income Tax Law, starting from 1 January 2008, 10% withholding income tax will be imposed on dividend relating to profits earned by the companies established in the PRC in the calendar year 2008 onwards to their foreign shareholders. For investors incorporated in Hong Kong which hold at least 25% of equity interest of those PRC companies, a preferential rate of 5% will be applied. The Group has applied the preferential rate of 5% as the Group's subsidiaries in the PRC are directly held by an investment holding company incorporated in Hong Kong. No deferred tax has been provided for in respect of the temporary differences attributable to such profits as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

A reconciliation of the income tax expense applicable to profit before taxation using the statutory rate for the location in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate are as follows:

Year ended 31 March 2009

	The PRC		Hong Kong		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before taxation	10,150		(413)		9,737	
Tax at the statutory tax rate	2,538	25.0	(68)	(16.5)	2,470	25.4
Tax effect of income not taxable for tax purpose	(1,895)	(18.7)	–	–	(1,895)	(19.5)
Tax effect of expenses not deductible for tax purpose	462	4.6	–	–	462	4.7
Lower tax rate for specific provinces or local authority	(763)	(7.5)	–	–	(763)	(7.8)
Tax exemption	(964)	(9.5)	–	–	(964)	(9.9)
Tax loss not recognised	716	7.0	68	16.5	784	8.1
Tax effect for the year	94	0.9	–	–	94	1.0

Year ended 31 March 2010

	The PRC		Hong Kong		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before taxation	35,119		(427)		34,692	
Tax at the statutory tax rate	8,779	25.0	(70)	(16.5)	8,709	25.1
Tax effect of income not taxable for tax purpose	(4,002)	(11.4)	–	–	(4,002)	(11.5)
Tax effect of expenses not deductible for tax purpose	198	0.6	–	–	198	0.6
Lower tax rate for specific provinces or local authority	(1,564)	(4.4)	–	–	(1,564)	(4.5)
Tax exemption	(864)	(2.5)	–	–	(864)	(2.5)
Tax loss not recognised	143	0.4	70	16.5	213	0.6
Tax effect for the year	2,690	7.7	–	–	2,690	7.8

Year ended 31 March 2011

	The PRC		Hong Kong		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before taxation	28,354		(2,954)		25,400	
Tax at the statutory tax rate	7,089	25.0	(487)	(16.5)	6,602	26.0
Tax effect of income not taxable for tax purpose	(215)	(0.8)	–	–	(215)	(0.8)
Tax effect of expenses not deductible for tax purpose	567	2.0	–	–	567	2.2
Lower tax rate for specific provinces or local authority	(684)	(2.4)	–	–	(684)	(2.7)
Tax exemption	(3,403)	(12.0)	–	–	(3,403)	(13.4)
Tax loss not recognised	–	–	487	16.5	487	1.9
Tax effect for the year	3,354	11.8	–	–	3,354	13.2

Period ended 31 October 2010 (unaudited)

	The PRC		Hong Kong		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before taxation	13,712		(2,357)		11,355	
Tax at the statutory tax rate	3,428	25.0	(389)	(16.5)	3,039	26.8
Tax effect of income not taxable for tax purpose	(126)	(0.9)	–	–	(126)	(1.1)
Tax effect of expenses not deductible for tax purpose	423	3.1	–	–	423	3.7
Lower tax rate for specific provinces or local authority	(411)	(3.0)			(411)	(3.6)
Tax exemption	(1,667)	(12.2)	–	–	(1,667)	(14.7)
Tax loss not recognised	–	–	389	16.5	389	3.4
Tax effect for the period	1,647	12.0	–	–	1,647	14.5

Period ended 31 October 2011

	The PRC		Hong Kong		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before taxation	14,132		(2,599)		11,533	
Tax at the statutory tax rate	3,533	25.0	(429)	(16.5)	3,104	26.9
Tax effect of income not taxable for tax purpose	(255)	(1.8)	–	–	(255)	(2.2)
Tax effect of expenses not deductible for tax purpose	118	0.8	–	–	118	1.0
Lower tax rate for specific provinces or local authority	(141)	(1.0)	–	–	(141)	(1.2)
Tax exemption	(1,625)	(11.5)	–	–	(1,625)	(14.1)
Tax loss not recognised	–	–	429	16.5	429	3.7
Tax effect for the period	1,630	11.5	–	–	1,630	14.1

13. DIVIDENDS

No dividend has been paid or declared by the Company since the date of its incorporation.

14. EARNINGS PER SHARE

The calculation of basic earnings per share for the Track Record Period is based on the profit attributable to owners of the Company for the Track Record Period and on the assumptions that and the proposed 200,000,000 ordinary shares in issue as at the date of listing of the Company's shares on the Stock Exchange as described in the sub-section headed "Written resolutions the sole shareholder on 14 March 2012" under the section headed "Statutory and General Information" in Appendix V to the Prospectus, as if the shares were outstanding throughout the entire Track Record Periods.

Diluted earnings per share were same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the Track Record Period.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicle	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost					
At 1 April 2008	28,798	77,061	1,150	1,189	108,198
Exchange alignment	623	1,664	20	25	2,332
Additions	238	335	23	–	596
At 31 March 2009 and 1 April 2009	29,659	79,060	1,193	1,214	111,126
Exchange alignment	96	258	3	4	361
Additions	242	947	18	317	1,524
Disposal of subsidiaries	–	–	(483)	(681)	(1,164)
At 31 March 2010 and 1 April 2010	29,997	80,265	731	854	111,847
Exchange alignment	1,216	3,256	30	34	4,536
Additions	2,497	3,005	32	–	5,534
At 31 March 2011 and 1 April 2011	33,710	86,526	793	888	121,917
Exchange alignment	916	2,350	21	24	3,311
Additions	–	587	16	–	603
At 31 October 2011	34,626	89,463	830	912	125,831
Accumulated depreciation					
At 1 April 2008	3,233	17,111	525	1,070	21,939
Exchange alignment	71	375	11	23	480
Charge for the year	710	3,753	78	57	4,598
At 31 March 2009 and 1 April 2009	4,014	21,239	614	1,150	27,017
Exchange alignment	14	77	6	4	101
Charge for the year	713	3,899	62	–	4,674
Disposals of subsidiaries	–	–	(244)	(664)	(908)
At 31 March 2010 and 1 April 2010	4,741	25,215	438	490	30,884
Exchange alignment	214	1,126	19	19	1,378
Charge for the year	848	4,262	59	31	5,200
At 31 March 2011 and 1 April 2011	5,803	30,603	516	540	37,462
Exchange alignment	163	856	14	15	1,048
Charge for the period	518	2,630	35	19	3,202
At 31 October 2011	6,484	34,089	565	574	41,712
Carrying amounts					
At 31 October 2011	28,142	55,374	265	338	84,119
At 31 March 2011	27,907	55,923	277	348	84,455
At 31 March 2010	25,256	55,050	293	364	80,963
At 31 March 2009	25,645	57,821	579	64	84,109

As at 31 October 2011, buildings, plant and machinery and furniture, fixtures and equipment of approximately HK$28,142,000, HK$49,004,000 and HK$40,000 have been pledged as security for bank borrowings (Note 26).

As at 31 March 2011, buildings, plant and machinery and furniture, fixtures and equipment of approximately HK$27,907,000, HK$52,461,000 and HK$171,000 have been pledged as security for bank borrowings (Note 26).

As at 31 March 2009, buildings of approximately HK$25,645,000 have been pledged as security for bank borrowings (Note 26).

16. PREPAID LEASE PAYMENTS

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
The Group's prepaid lease payments for land use rights comprise:				
Leasehold land in the PRC:				
– Medium-term lease	1,957	1,911	1,935	1,955
Analysed for reporting purpose as:				
– Current assets (Note 19)	52	51	54	55
– Non-current assets	1,905	1,860	1,881	1,900
	1,957	1,911	1,935	1,955

The Group's prepaid lease payments amounts represent the payments for land use rights situated in the PRC. The leasehold lands have lease term of 50 years and the Group has possessed the land use rights of the leasehold land during the lease term.

As at 31 March 2009, 2011 and 31 October 2011, prepaid lease payments for land use rights of approximately HK$1,957,000, HK$1,935,000 and HK$1,955,000 respectively have been pledged as security for bank borrowings (Note 26).

17. INTEREST IN AN ASSOCIATE

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Interest in an associate	21,412	–	–	–

Note:

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

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	42,824	–	–	–
Total liabilities	–	–	–	–
Net assets	42,824	–	–	–
Group share of net assets of an associate	21,412	–	–	–

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Turnover	–	–	–	–	–
Loss for the year/period	2,153	1,503	–	–	–
Group share of loss of an associate for the year/period	1,076	751	–	–	–
Group share of other comprehensive income of an associate for the year/period	–	–	–	–	–

(b) The amount due from an associate was unsecured, interest-free and recoverable on demand.

(c) As at 31 March 2009, the Group had interests in the following associate:

Company name	Place and date of registration and operations	Issued and paid up/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
廈門年勝投資管理有限公司 (transliterated as "Xiamen Nian Sheng Investment Management Co., Ltd")	The PRC/ 2 December 2005	RMB10,000,000	–	50	Hotel management

The Group hold 50% of the issued and paid up capital of Xiamen Nian Sheng Investment Management Co., Ltd. Among the three members of the board of directors of Xiamen Nian Sheng Investment Management Co., Ltd, there was one director appointed by the Group. The directors of the Company consider that the Group does have significant influence over Xiamen Nian Sheng Investment Management Co., Ltd. and it is therefore classified as an associate of the Group.

(d) During the year ended 31 March 2010, the interest in an associate was disposed with a subsidiary, 廈門英大房地產有限公司 (transliterated as Xiamen Ying Da Real Estate Co., Ltd) ("Ying Da"). (Note 32)

18. TRADE AND BILLS RECEIVABLES

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivables	27	5,943	12,084	25,816
Bills receivable	–	–	–	4,298
	27	5,943	12,084	30,114

The carrying amounts of trade receivables are denominated in RMB. The credit policies of the Group highly depend on the industry and market environment. The Group generally receive payment on or before the delivery and may allow settlement of balance within 30 days to those long standing customers with good payment history. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An aged analysis of trade receivables of the Group at the end of the reporting period, net of provision for impairment is as follows:

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Within 30 days	27	5,943	12,084	25,816

Trade receivables disclosed above include amounts which are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Ageing of past due but not impaired

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Overdue by:				
1 to 30 days	27	–	–	–

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Prepayments	5,770	3,859	8,692	12,554
Prepayment for cost of catalysts	1,388	557	2,032	1,423
Prepaid lease payments for land use rights – current portion (Note 16)	52	51	54	55
Tax recoverables	–	–	–	892
Other receivables	5,228	5,079	497	551
	12,438	9,546	11,275	15,475

The Group accounted for the cost of replacing catalysts as prepayment at the time of purchases and as a cost incurred during the production process and recognised as cost of sales throughout the estimated useful life. As at 31 March 2009, 2010, 2011 and 31 October 2011, the carrying amounts of catalysts were approximately HK$1,388,000, HK$557,000, HK$2,032,000 and HK$1,423,000 respectively. For the years ended 31 March 2009, 2010 and 2011 and the seven months ended 31 October 2011, the cost of catalysts recognised as cost of sales were approximately HK$872,000, HK$834,000, HK$746,000 and HK$658,000 respectively.

20. INVENTORIES

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Raw materials	6,812	3,474	1,813	4,561
Work in progress	–	–	2,734	4,649
Finished goods	12,215	6,891	15,384	18,612
	19,027	10,365	19,931	27,822

21. PROPERTIES HELD FOR SALE

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Properties held for sale	2,139	–	–	–

Properties held for sale are situated in the PRC and are held under long-term land use rights.

22. AMOUNTS DUE FROM RELATED COMPANIES

	Notes	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
		HK$'000	HK$'000	HK$'000	HK$'000
Name of related companies					
廈門世嘉房地產發展有限公司 (transliterated as "Xiamen Shijia Real Estate Development Co., Ltd.") ("**Xiamen Shijia**")	(i)	615	–	–	–
廈門德輝房地產有限公司 (transliterated as "Xiamen Dehui Real Estate Co., Ltd.") ("**Xiamen Dehui**")	(ii)	193	–	–	–
		808	–	–	–

The maximum amounts due from related companies outstanding during the years ended 31 March 2009, 2010 and 2011, and the period ended 31 October 2011 are as follows:

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Name of related companies				
Xiamen Shijia....................	615	615	–	–
Xiamen Dehui....................	273	193	–	–

The amounts due from related companies were unsecured, interest-free and recoverable on demand.

Notes:

(i) Mr. Choi is the common director of the Company and Xiamen Shijia.

(ii) Mr. Chen is the common director of the Company and Xiamen Dehui.

23. CASH AND CASH EQUIVALENTS

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Cash and cash equivalents	8,023	62,717	70,143	59,949

Majority of cash at bank and in hand are denominated in RMB. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

24. TRADE PAYABLES

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	9,857	457	6,582	16,507

An aged analysis of trade payables of the Group at the end of the reporting period is as follows:

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Within 30 days	8,690	23	6,129	12,203
31 to 60 days	331	–	–	3,959
61 to 90 days	–	–	–	36
Over 90 days	836	434	453	309
	9,857	457	6,582	16,507

The trade payables are non interest-bearing and are normally settled on or before the delivery and may allow to settle within 30 days.

25. ACCRUALS AND OTHER PAYABLES

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Other payables	6,858	9,890	4,477	3,732
Accruals	222	98	191	39
	7,080	9,988	4,668	3,771

The other payables mainly comprised the VAT payable amounting to approximately HK$4,202,000, HK$8,942,000, HK$1,154,000 and HK$2,652,000 as of 31 March 2009, 2010, 2011 and 31 October 2011 respectively. The remaining other payables are non-interest bearing and are due to mature within one year.

26. BANK BORROWINGS

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Bank borrowings – secured – wholly repayable within five years	42,014	56,960	59,270	60,880
Bank borrowings – secured – within one year	42,014	56,960	59,270	60,880
Less: amount repayable within one year included in current liabilities	(42,014)	(56,960)	(59,270)	(60,880)
	–	–	–	–

The range of effective interest rate on bank borrowings for the years ended 31 March 2009, 2010 and 2011 and the period ended 31 October 2011 is 5.31%–8.22%, 5.35%–6.37%, 5.58%–6.67% and 6.67%–8.53% per annum, respectively.

As at 31 October 2011, the Group's bank borrowings were secured by prepaid lease payments for land use rights, buildings, plant and machinery and furniture, fixtures and equipment of approximately HK$1,955,000, HK$28,142,000, HK$49,004,000 and HK$40,000 respectively.

As at 31 March 2011, the Group's bank borrowings were secured by prepaid lease payments for land use rights, buildings, plant and machinery and furniture, fixtures and equipment of approximately HK$1,935,000, HK$27,907,000, HK$52,461,000 and HK$171,000 respectively.

As at 31 March 2010, the Group's bank borrowings were secured by guarantee provided by 廈門翔安新城投資開發有限公司 (transliterated as "Xiamen Xiangan Xincheng Investment Development Co., Ltd.") ("Xiangan Xincheng"), a related company of the Group, which Mr. Choi is the common director of the Company and Xiangan Xincheng. The corporate guarantee provided by Xiangan Xincheng was fully released on 25 October 2010.

As at 31 March 2009, the Group's bank borrowings were secured by prepaid lease payments for land use rights and property, plant and equipment, amounting to approximately HK$1,957,000 and approximately HK$25,645,000 respectively, and guarantee provided by Xiangan Xincheng, a related company of the Group.

All bank borrowings are denominated in RMB.

27. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies were unsecured, interest-free and repayable on demand.

28. AMOUNT DUE TO A DIRECTOR

The amount due to a director was unsecured, interest-free and repayable on demand. Such amount was fully capitalised pursuant to the Reorganisation completed on 15 February 2012.

29. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder was unsecured, interest free and repayable on demand. Such amount was fully capitalised pursuant to the Reorganisation completed on 15 February 2012.

30. DEFERRED TAX

As at 31 March 2009, 2010, 2011 and 31 October 2011, the Group had unused estimated tax losses of approximately HK$14,439,000, nil, nil and nil respectively available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

31. CAPITAL AND RESERVES

(a) Share capital

The Group

As at 31 March 2009 and 2010, the share capital of the Group represents the issued share capital of Great Top prior to the establishment of the Company.

The Company

As at 31 March 2011 and 31 October 2011, the share capital of the Group represents the issued share capital of the Company with authorised share capital of HK$380,000, divided into 38,000,000 shares of HK$0.01 each. There was one nil-paid share held by Lian Wang as at 31 March 2011 and 31 October 2011.

(b) Statutory reserve

In accordance with the Company Law of the PRC, the PRC subsidiary of the Group is required to allocate 10% of their profit after tax to the statutory reserve (the "**SR**") until such reserve reaches 50% of the registered capital of the PRC subsidiary. Subject to certain restrictions set out in the Company Law of the PRC, part of the SR may be converted to increase paid-up capital/issued capital of the PRC subsidiary, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital. The SR of the PRC subsidiary was nil, HK$1,211,000, HK$3,711,000 and HK$4,961,000 as at 31 March 2009, 2010, 2011 and 31 October 2011 respectively.

(c) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that have functional currency other than HK$ which are dealt with in accordance with the accounting policies as set out in Note 3.

(d) Other reserve

During the year ended 31 March 2011, the amount of approximately HK$10,000 represented the difference between the Company's share of nominal value of the paid-up capital of the subsidiaries acquired over the Company's cost of acquisition of the subsidiaries under common control upon the Reorganisation as detailed in Note 2.

32. DISPOSAL OF SUBSIDIARIES AND AN ASSOCIATE

On 12 March 2010, a wholly owned subsidiary of the Company, NWCI, entered into an agreement with an independent third party, to dispose 100% of the entire share capital of Ying Da, for a total consideration of RMB4,150,000. The disposal was completed on 19 March 2010.

Summary of the effects of the disposal of subsidiaries and an associate as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	256
Interest in an associate	3,641
Properties held for sale	2,146
Amounts due from related companies	7,514
Prepayments, deposits and other receivables	6,706
Cash and cash equivalents	8,185
Trade payables	(242)
Amounts due to related companies	(26,296)
Accruals and other payables	(1,733)
Receipt in advance	(84)
Non-controlling interests	(130)
	(37)
Release of exchange reserve	(610)
Gain on disposal of subsidiaries and an associate	5,379
	4,732
Satisfied by:	
Cash consideration	4,732
Net cash outflow arising on disposal:	
Cash consideration	4,732
Cash and cash equivalents disposed	(8,185)
	(3,453)

Note:

For the period from 1 April 2009 to the date of disposal, the turnover contributed by the subsidiaries was approximately HK$57,000 and loss of approximately HK$1,272,000 has recognised in the Group's profit for the year ended 31 March 2010.

33. RELATED PARTY TRANSACTIONS

Save as disclosed in Notes 17, 22, 27, 28 and 29 to the Financial Information, the Group had entered into the following related party transactions, which in the opinion of the directors of the Company, were carried out on normal commercial terms and in the ordinary course of the Group.

(a) Compensation of key management personnel of the Group, including directors' remuneration as detailed in Note 11 above.

	Year ended 31 March 2009	Year ended 31 March 2010	Year ended 31 March 2011	Seven months ended 31 October 2010	Seven months ended 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Salaries, allowances and benefits in kind	733	803	855	476	545
Provident fund contributions	22	26	24	14	14
Pension scheme contributions	35	34	40	14	19
Total compensation paid to key management personnel	790	863	919	504	578

(b) As at 31 March 2009 and 2010, Xiangan Xincheng, a related company of the Group, has provided guarantee for banking facilities made available to a subsidiary of the Company.

34. OPERATING LEASE COMMITMENTS

As at 31 March 2009, 2010, 2011 and 31 October 2011, the Group had outstanding commitments payable under non-cancellable operating leases in respect of land and properties rented with lease terms of 20 years and ranging from 1-3 years respectively which fall due as follows:

	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 October 2011
	HK$'000	HK$'000	HK$'000	HK$'000
Within one year	14	–	602	582
In the second to fifth years, inclusive	–	–	2,168	2,227
Over five years	–	–	7,994	7,886
	14	–	10,764	10,695

35. CAPITAL COMMITMENTS

As at 31 March 2009, 2010 and 2011 and 31 October 2011, the Group and the Company did not have any significant capital commitments.

36. PLEDGE OF ASSETS

As at 31 October 2011, prepaid lease payments for land use rights, buildings, plant and machinery and furniture, fixtures and equipment amounting to approximately HK$1,955,000, HK$28,142,000, HK$49,004,000 and HK$40,000 respectively, have been pledged to bank to secure banking facilities granted to the Group.

As at 31 March 2011, prepaid lease payments for land use rights, buildings, plant and machinery and furniture, fixtures and equipment of approximately HK$1,935,000, HK$27,907,000, HK$52,461,000 and HK$171,000 respectively, have been pledged to bank to secure banking facilities granted to the Group.

As at 31 March 2009, prepaid lease payments for land use rights and property, plant and equipment amounting to approximately HK$1,957,000 and HK$25,645,000 respectively, have been pledged to bank to secure banking facilities granted to the Group.

III. SUBSEQUENT EVENTS

The following significant events after the reporting period took place subsequent to 31 October 2011:

(1) The companies comprising the Group underwent the Reorganisation in the preparation for the listing of the Company's shares on the Main Board of the Stock Exchange.

(2) The Company's share option scheme (the "**Scheme**"), was adopted pursuant to a resolution passed on 14 March 2012 for the primary purpose of providing incentives to directors and eligible participants of the Group, and will expire on 10 years after the adoption date. Under the Scheme, the board of directors of the Company may grant options to any full-time or part-time employee of the Group, including any executive, non-executive directors and independent non-executive directors, advisors, consultants, distributor, contractor, supplier service provider, agent, customer and business partner of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors or any of their respective associates in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Upon acceptance of the offer of the share option, HK$1.00 should be payable to the Company for each option on the grant of the option. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

In accordance with the terms of the Scheme, options issued vested at the date of grant. Up to the date of report, no options had been granted.

(3) On 10 November 2011, Great Top declared a dividend in the sum of HK$10,000,000. The above dividend had been fully settled on 11 November 2011.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 October 2011.

Yours faithfully
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong