友川集團控股有限公司

NEWTREE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(A HKEX Listed Company Stock Code: 1323)

Annual Report 年報

2012/2013

Contents

Corporate Information

Executive Directors

Mr. Wong Wai Sing
(Chairman and Chief Executive Officer)
(resigned as Vice-Chairman and appointed as Chairman on 10 June 2013)
Mr. Chum Hon Sing *(Vice-Chairman)*
(resigned as Chairman and appointed as Vice-Chairman on 10 June 2013)
Mr. Lee Chi Shing, Caesar
Mr. Tsang Ho Ka, Eugene
(appointed on 24 April 2012)
Ms. Sung Ting Yee (appointed on 24 April 2012)
Ms. Yick Mi Ching, Dawnibilly
(appointed on 1 June 2012)

Independent Non-executive Directors

Mr. Kwok Kam Tim (appointed on 24 April 2012)
Mr. Kinley Lincoln James Lloyd
(appointed on 24 April 2012)
Dr. Hui Chik Kwan (appointed on 24 April 2012)

Authorised Representatives

Mr. Chan Shiu Yuen, Sammy
Mr. Tsang Ho Ka, Eugene
(appointed on 15 May 2012)
Mr. Chum Hon Sing (resigned on 15 May 2012)

Audit Committee Members

Mr. Kwok Kam Tim *(Chairman)*
(appointed on 15 May 2012)
Mr. Kinley Lincoln James Lloyd
(appointed on 15 May 2012)
Dr. Hui Chik Kwan (appointed on 15 May 2012)

Remuneration Committee Members

Mr. Kwok Kam Tim *(Chairman)*
(appointed on 15 May 2012)
Mr. Kinley Lincoln James Lloyd
(appointed on 15 May 2012)
Dr. Hui Chik Kwan (appointed on 15 May 2012)

Nomination Committee Members

Mr. Kwok Kam Tim *(Chairman)*
(appointed on 15 May 2012)
Mr. Kinley Lincoln James Lloyd
(appointed on 15 May 2012)
Dr. Hui Chik Kwan (appointed on 15 May 2012)

Company Secretaries

Mr. Chan Shiu Yuen, Sammy, *HKICPA, FCCA*
Mr. Tsang Ho Ka, Eugene,
AICPA, ATIHK, AMA, BCom(UNSW), CPA (Aust.), CPA, CTA, MHKIoD, MHKMIPA
(appointed on 24 April 2012)

Principal Bankers

Bank of China Huizhou Huihuan Sub-branch
Bank of China, Macau Branch
DBS Bank (Hong Kong) Limited

Listing Exchange Information

Place of listing: Main Board of
The Stock Exchange of Hong Kong Limited
Stock Code: 1323

Corporate Information

Registered Office

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

Headquarters

Flat L, 12th Floor
Macau Finance Centre
Rua de Pequim
Macau

Principal Place of Business in Hong Kong

Room 601, 6/F.
Aon China Building
No. 29 Queen's Road Central
Central
Hong Kong

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town Grand Cayman
KY1-1110 Cayman Islands

Hong Kong Share Registrar and Transfer Office

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wan Chai
Hong Kong

Auditor

BDO Limited

Company's Website

www.newtreegroupholdings.com

Chairman's Statement

First of all, I would like to thank all shareholders for the trust and support to the Company's board of directors and me. On behalf of the board of Directors (the "Board") of the Newtree Group Holdings Limited (the "Company"), I am pleased to present to you the audited annual results of the Company for the year ended 31 March 2013.

Results

The audited consolidated net profit attributable to shareholders for the year was HK$6.6 million and the earnings per share amounted to HK$0.99 cents as compared to net loss of HK$33.5 million and loss per share of HK$5.03 cents for the year ended 31 March 2012. The net profit attributable to shareholders for 2013 represents a 119.7% increase from 2012.

Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 March 2013.

Prospects

Looking ahead, we believe that challenges and opportunities continue to coexist. In the coming year, the global environment shall be full of complexities and uncertainties, in light of the uncertainties and unfavorable global market conditions, the business environment of the Group in the coming year will remain complicated and full of challenges, the Group expects that such impacts are short term and still remain relatively optimistic on the long-term prospects. On the other hand, we will continue to identify business opportunities carefully to extend our business model in order to maximize the benefit of our shareholders.

Appreciation

I would like to take this opportunity to thank the shareholders and investors for their continuous supports, as well as the management and the staff for their commitment and dedication towards ensuring the success of the Group. My heartfelt gratitude also goes to our customers, suppliers, bankers, business associates and all our stakeholders for their cooperation. Finally, I would also like to record my appreciation to my fellow directors on the Board for their invaluable contribution throughout the year.

Mr. Wong Wai Sing
Chairman

26 June 2013

Management Discussion and Analysis

Business Review

During the year under review, the Group has been engaged in the Hygienic Disposables Business, MTBE Business and Household Consumables Business.

For the year under review, the Group recorded a net profit attributable to the owners of the Company of approximately HK$6.6 million (2012: net loss attributable to owners of the Company of approximately HK$33.5 million).

Revenue

The Group's revenue increased by HK$306.1 million or 118.1% from HK$259.1 million for the year ended 31 March 2012 to HK$565.2 million for the corresponding period in 2013.

The following table sets forth a breakdown of the Group's revenue by geographical locations and segments and as a percentage of the Group's total revenue for the year ended 31 March 2013, with comparative figures for the corresponding period in 2012.

	2013	**2013**	2012	2012
	HK$'000	**%**	HK$'000	%
By Segment:				
– Hygienic Disposables Business	**380,655**	**67.4**	245,027	94.6
– MTBE Business	**105,149**	**18.6**	807	0.3
– Household Consumables Business	**79,348**	**14.0**	13,260	5.1
Total	**565,152**	**100.0**	259,094	100.0
By geographical locations:				
United Kingdom	**208,836**	**36.9**	151,778	58.6
People's Republic of China ("PRC")	**165,599**	**29.3**	807	0.3
United States of America	**119,066**	**21.1**	16,808	6.5
Norway	**69,620**	**12.3**	79,998	30.9
Sweden	**1,321**	**0.2**	889	0.3
Italy	**420**	**0.1**	365	0.1
Ireland	**290**	**0.1**	4,287	1.7
France	**–**	**–**	3,381	1.3
Germany	**–**	**–**	781	0.3
	565,152	**100.0**	259,094	100.0

The Group's revenue on the Hygienic Disposables Business increased by HK$135.6 million or 55.4% from HK$245.0 million for the year ended 31 March 2012 to HK$380.7 million for the corresponding period in 2013 mainly due to introduction of new customers in relation to the trading of hygienic disposables and raw materials. Revenue for MTBE Business for the year ended 31 March 2012 represent agency fee for a one month period since the completion of the acquisition for the MTBE Business was close to the 2012 financial year end, while for the year ended 31 March 2013, revenue represent trading income and agency fee for the MTBE Business for the full financial year. Revenue for the Household Consumables Business for the year ended 31 March 2012 represent trading income for a two months period since the completion of the acquisition for the Household Consumables Business was close to the 2012 financial year end, while for the year ended 31 March 2013, revenue represent trading income for the full financial year.

Business Review *(Continued)*

Cost of sales

Cost of sales increased by 111.6% from HK$250.5 million for the year ended 31 March 2012 to HK$530.1 million for the corresponding period in 2013. The increase was mainly due to the increase in revenue which is in line with the percentage increase in revenue and the decrease in amortisation of other intangible assets for the MTBE Business.

Gross profit and gross profit margin

Gross profit increased by HK$26.5 million or 308.2% from HK$8.6 million for the year ended 31 March 2012 to HK$35.1 million for the corresponding period in 2013. The Group's gross profit margin on the Hygienic Disposables Business decreased from 10.7% for the year ended 31 March 2012 to 5.7% for the corresponding period in 2013, primarily as a result of the increase in cost of the primary material which cannot fully transferred to our customer and an inventories written off of HK$4.9 million. Due to the amortisation of other intangible assets of HK$1,422,000 and HK$19,975,000 for the year ended 31 March 2013 and 2012 respectively, the MTBE Business record a gross profit of HK$4.2 million for the year ended 31 March 2013 and a gross loss of HK$19.2 million for the year 31 March 2012, after stripping out the amortisation of the other intangible assets, the MTBE Business shows a gross profit margin of 5.3% for the year ended 31 March 2013. The gross profit margin on the Household Consumables Business slightly decreased from 12.2% for the year ended 31 March 2012 to 11.6% for the corresponding period in 2013.

The following table sets forth the Group's gross profit (losses) and the gross profit (losses) margin by business segment for the year ended 31 March 2013, with comparative figures for the corresponding period in 2012.

	Year ended 31 March			
	2013	**2013**	2012	2012
	HK$'000	**%**	HK$'000	%
By segment:				
– Hygienic Disposables Business	**21,630**	**5.7**	26,137	10.7
– MTBE Business	**4,197**	**4.0**	(19,167)	(2,375.1)
– Household Consumables Business	**9,234**	**11.6**	1,620	12.2
	35,061	**6.2**	8,590	3.3

The gross profit derived from Hygienic Disposables Business decreased by HK$4.5 million or 17.2% from HK$26.1 million for the year ended 31 March 2012 to HK$21.6 million for the corresponding period in 2013. For the MTBE Business, after stripping out the amortisation of other intangible asset of HK$1,422,000 and HK$19,975,000 for the year ended 31 March 2013 and 2012 respectively, a gross profit of HK$5.6 million and HK$0.8 million was resulted for the year ended 31 March 2013 and 2012 respectively. Gross profit derived from Household Consumables Business for the year ended 31 March 2013 represent gross profit from a full year operation while the gross profit for the year ended 31 March 2012 only represent gross profit for a two months operation after the acquisition.

Business Review *(Continued)*

The following table sets forth the Group's segment results before all of the major non-cash items which will present a better reflection of the Group's actual segment results for the year ended 31 March 2013.

	Hygienic Disposables Business HK$'000	MTBE Business HK$'000	Household Consumables Business HK$'000
Segment gross profit	21,630	4,197	9,234
Adjusted for major non-cash item – Amortisation of other intangible assets (included in cost of sales)	–	1,422	1,001
Segment gross profit after striping out major non-cash items	21,630	5,619	10,235
Segment gross profit margin after striping out major non-cash items	5.7%	5.3%	12.9%

Other income

Other income mainly consists of service income, and patent income. Other income increased by HK$36.0 million or 1,366.7%, from HK$2.6 million for the year ended 31 March 2012 to HK$38.6 million for the corresponding period in 2013 mainly due to the increase in service income and patent income.

Other gains and losses

Other gains and losses mainly consists of impairment of trade and other receivables. For the year ended 31 March 2013, the other gains and losses comprises an impairment loss on trade and other receivable of HK$1.0 million while for the corresponding year in 2012, the other gains and losses mainly consists of impairment loss on trade receivables of HK$3.7 million.

Selling and distribution expenses

Selling and distribution expenses mainly consist of transportation expenses, custom and inspection fee and commission paid to sales agents who may from time to time introduce new order to our Group. The selling and distribution expenses decreased by HK$0.4 million or 4.5% from HK$9.3 million for the year ended 31 March 2012 to HK$8.9 million for the corresponding period in 2013 and this is mainly due to the minor decrease in freight charges.

Administrative expenses

Administrative expenses mainly consist of salaries (including directors), staff welfare expenses, amortisation of prepaid lease payment, depreciation of properties, plant and equipment in relation to the administrative functions, rental and printing charges. The administrative expenses increased by HK$20.4 million or 61.7% from HK$33.0 million for the year ended 31 March 2012 to HK$53.4 million for the corresponding period In 2013 mainly due to the increase in salaries for the increase in number of director and senior management staffs, rental charges and printing charges for the publication of announcement and notice relation to the acquisition and the general offer.

Business Review *(Continued)*

Other expenses

Other expenses represents legal and professional fee paid to professional parties relating to the acquisition of business into the Group. The other expenses decreased by HK$2.3 million or 57.2% from HK$4.0 million for the year ended 31 March 2012 to HK$1.7 million for the corresponding period in 2013 mainly due to the acquisition for the financial year 2013 was complete in April 2013.

Profit (loss) before tax

The Group recorded a profit before tax of HK$9.1 million during the year ended 31 March 2013 (as compared to loss before tax of HK$37.0 million during the year ended 31 March 2012), the profit in 2013 were mainly due to the substantial increase in gross profit of HK$26.5 million, increase in other income of HK$36.0 million, decrease in other gain and losses of HK$1.4 million, decrease in selling and distribution expenses of HK$0.4 million, decrease in other expenses of HK$2.3 million, which was partially offset by the increase in administrative expenses of HK$20.4 million and interest expenses on trust receipt loan of HK$0.1 million.

Income tax expenses (credit)

The Group recorded a tax expenses of HK$2.3 million during the year ended 31 March 2013 (as compare to the tax credit of HK$1.9 million during the year ended 31 March 2012). There was no significant change in applicable tax rates of the Company's subsidiaries during the year. The subsidiaries operating in Hong Kong is subject to Hong Kong Profits Tax at a rate of 16.5% (2012: 16.5%) for the year. For the subsidiaries operating in the PRC, pursuant to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the general EIT rate of the PRC entitles is 25% from 1 January 2008 onwards, the major subsidiary operating in the PRC is subject to a tax rate of 25% (2012: 12.5%). For the subsidiary operating in Macau, profit was exempted from Macao Complementary Tax for both year.

The major reasons for the significant change in income tax for the year was mainly due to the deferred tax credit related to the amortisation of the other intangible assets decreased from HK$3.3 million for the year ended 31 March 2012 to HK$0.5 million in the corresponding period in 2013.

Total comprehensive income for the year attributable to owners of the Company

Total comprehensive income for the year attributable to owners of the Company increased by HK$34.3 million or 120.3% from loss of HK$28.5 million for the year ended 31 March 2012 to income of HK$5.8 million for the corresponding period in 2013.

Management Discussion and Analysis

Business Review *(Continued)*

Trade receivables

The amount of trade receivable before allowance for bad and doubtful debts amounted to HK$245,975,000 at 31 March 2013, increased by 341.9% as compared to HK$55,661,000 at 31 March 2012. The increase was mainly due to the increased in revenue from Hygienic Disposables Business and the MTBE Business from HK$245,834,000 in 2012 to HK$485,804,000 in 2013. During the year, allowance for bad and doubtful debts of HK$182,000 was made during the year as compare to an allowance of HK$3,653,000 in 2012. For long outstanding receivables, the follow up actions which the Group will take to recover these receivables, including the negotiation of payment by way of assets other than cash and/or instituting legal actions against these customers to claim the payment back.

In respect of the trade receivables as 31 March 2013, approximately 23.4% has been subsequently settled up to 20 June 2013:

Dividend

No dividend was proposed for both year ended 31 March 2013 and 31 March 2012.

Results of performance guarantees on acquisitions

On 15 November 2011, the Group had completed the acquisition of the MTBE Business and under the acquisition, the vendor has irrevocably guaranteed to the Group that the actual audited net profit after tax and before any extraordinary items or exceptional items and before all non-cash items for the period from 1 January 2012 to 31 December 2012 shall in aggregate not less than HK$2,700,000 (the “Guarantee Profit”) and on 14 January 2013, the auditors have issued a written confirmation certifying that the Guaranteed Profit has been fulfilled.

Financial Review

Liquidity and financial resources

The Group’s principal source of working capital was cash generated from the sales of its products. The Group’s current ratio as at 31 March 2013 was 3.8 (as at 31 March 2012: 10.6). The gearing ratio as at 31 March 2013 was 2.3% (as at 31 March 2012: zero), the gearing ratio, which is calculated with total borrowings over shareholder’s equity.

Financial Review *(Continued)*

Currency and interest rate exposure

Certain sales transactions of the Group are denominated in foreign currencies, which exposes the Group to foreign currency risks. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. Certain monetary financial assets are denominated in foreign currencies as at 31 March 2013. The exposure in exchange rate risks mainly arose from fluctuations of United State Dollar ("USD"), Hong Kong Dollar ("HKD"), British Pound ("GBP") and Macau Pataca ("MOP"). The Group's currency risk exposure in relation to the monetary financial assets is expected to be minimal as USD and MOP are pegged with HKD.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation on interest rates arising from the Group's bank balances and the interest expenses from its trust receipt loan with floating interest rate. The Group's exposure to interest rate risks on bank balances and trust receipt loan, is expected to be minimal.

Charge on Assets

A bank deposit of HK$7.8 million and certain leasehold land and buildings with carrying value of HK$14.2 million (as at 31 March 2012: a bank deposit of HK$62.3 million and certain leasehold land and buildings with carrying value of HK$13.3 million) have been pledged as security for certain banking facilities granted to the Group.

Contingent Liabilities

As at 31 March 2013, the Group did not have any material contingent liabilities.

Commitments

(a) Capital Commitments

The Group had the following capital commitments at the end of the reporting period:

	At 31 March 2013 HK$'000	At 31 March 2012 HK$'000
Contracted but not provided for in the consolidated financial statements for acquisition of subsidiaries	**42,590**	–

Management Discussion and Analysis

Commitments *(Continued)*

(b) Operating lease commitments

The Group as lessee:

The Group made minimum lease payments of approximately HK$2,096,000 (2012: HK$Nil) under operating leases in respect of office premises, directors' quarter and car-parking space during the year.

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

	At 31 March 2013 HK$'000	At 31 March 2012 HK$'000
Within one year	**4,975**	–
In the second to fifth years inclusive	**3,122**	–
	8,097	–

Material Acquisition and Disposal

During the year ended 31 March 2013, the Company had no material acquisition or disposal of subsidiaries and affiliated companies.

Significant events after the reporting period

(a) Completion of discloseable and connected transaction

On 23 January 2013, the Group entered into a conditional sale and purchase agreement with Mr. Woo Man Wai, David ("Mr. Woo") relating to the acquisition of the 100,000 shares of HK$1.00 each, being 10% of the entire issued share capital of China Energy Trading Company Limited ("China Energy") which are legally and beneficially owned by Mr. Woo (the "China Energy Sale Shares") and all obligation, liabilities and debts owing or incurred by China Energy to Mr. Woo on or at any time prior to the completion of the acquisition (the "China Energy Sale Loan"), pursuant to which the Group conditionally agreed to acquire and Mr. Woo conditionally agreed to sell the China Energy Sale Shares and the China Energy Sale Loan for an aggregate consideration of HK$4,100,000. The consideration shall be settled by procuring the Company to issue 2,500,000 new shares of the Company, credited as fully paid, to Mr. Woo at completion.

On 23 January 2013, the Group entered into a conditional sale and purchase agreement with Mr. Woo relating to the acquisition of the 100,000 shares of HK$1.00 each, being 10% of the entire issued share capital of China Petro-chemical Resources Trading Company Limited ("China Petro"), a 90%-owned subsidiary, which are legally and beneficially owned by Mr. Woo (the "China Petro Sale Shares"), pursuant to which the Group conditionally agreed to acquire and Mr. Woo conditionally agreed to sell the China Petro Sale Shares for a consideration of HK$2,490,000. The consideration shall be settled by procuring the Company to issue 1,518,292 new shares of the Company, credited as fully paid, to Mr. Woo at completion.

Significant events after the reporting period *(Continued)*

(a) Completion of discloseable and connected transaction *(Continued)*

On 23 January 2013, the Group entered into a conditional sale and purchase agreement with Mr. Woo relating to the acquisition of the 1 share of US$1.00 each, being the entire issued share capital of China Indonesia Alliances Coal Investment Company Limited ("China Coal") which is legally and beneficially owned by Mr. Woo (the "China Coal Sale Share"), pursuant to which the Group conditionally agreed to acquire and Mr. Woo conditionally agreed to sell the China Coal Sale Share for a consideration of HK$36,000,000. The consideration shall be settled as follows: (i) HK$4,000,000 shall be satisfied by procuring the Company to issue a promissory note in the principal amount of HK$4,000,000 in favour of Mr. Woo; (ii) HK$3,240,000 shall be payable in cash by the Group; and (iii) HK$28,760,000 shall be satisfied by procuring the Company to issue 17,536,585 new shares of the Company, credited as fully paid, to Mr. Woo at completion. The valuation of the assets acquired and liabilities assumed as well as cost of acquisition is pending for finalisation as of the date these consolidated financial statements were authorised for issuance and therefore the financial information in relation to the acquisition has not been disclosed in these financial statements.

Further detail of the above acquisitions, are set out in the Company's announcement dated 23 January 2013 and circular dated 25 March 2013.

All of the above acquisitions have been completed on 16 April 2013.

(b) Memorandum of understanding in respect of the possible acquisition of the equity interest of a target company

On 29 May 2013, the Group entered into a non-legally binding memorandum of understanding with independent third parties to acquire the entire issue share capital of the target company as contemplated under the memorandum of understanding and subject to the execution of formal sale and purchase agreement. The consideration shall be not less than HK$3,200 million and shall be settled by either one of the following manners:

(i) by cash; or

(ii) by way of allotment and issue of the shares of the Company and/or convertible bonds of the Company at the conversion price of HK$2 per conversion share (subject to further negotiation between the Group and the vendors); or

(iii) the combination of the above payment methods.

The consideration for the above possible acquisition (including the actual payment method, time and amount) shall be subject to further negotiation between the parties to the memorandum of understanding. Further details are set out in the Company's announcement dated 29 May 2013. As of the date these consolidated financial statements were authorised for issuance, no formal agreement has been entered into between the Group and the vendors.

Management Discussion and Analysis

Significant events after the reporting period *(Continued)*

(c) Placing of new shares under general mandate

The Company entered into a placing agreement dated 3 June 2013 and a supplemental placing agreement dated 14 June 2013 (collectively referred to as the "Placing") with the placing agent pursuant to which the placing agent has conditionally agreed with the Company to place up to 40,000,000 placing shares of the Company on a best effort basis to one or more placees who are independent third parties at the placing price of HK$2.10 per placing share the Placing was completed on 25 June 2013. Further details are set out in the announcements of the Company dated 3 June 2013, 14 June 2013 and 25 June 2013.

(d) Termination of connected transaction in relation to the investment in 70% equity interest in a medical devices company in PRC

On 17 June 2013, the Group entered into a termination agreement, set-off agreement and repayment agreement relating to, inter alia, the termination of the investment agreement for the proposed investment in Beijing Think as detailed in Note 34 to the consolidated financial statements. Further details are set out in the Company's announcement dated 6 March 2012, 6 September 2012 and 17 June 2013.

Human Resources

The number of employees of the Group as at 31 March 2013 was approximately 169 whom receive competitive remuneration packages that are constantly monitored in relation to the market, with incentives such as discretionary bonuses based on individual performance. The Group provides a comprehensive benefits package and career development opportunities, including medical benefits and both internal and external training appropriate to each individual's requirements.

Prospects

Hygienic disposables business

The Group continues to provide quality service and product to our customers in order to achieve the Group's vision to become a leading manufacturing of household and clinical hygienic disposables in European countries and US. The Group has confidence to achieve steady income stream from our existing customer in the coming years.

MTBE business

The MTBE Business provides an opportunity for the Group to enter into the petro-chemical market in the PRC. The MTBE Business not only continues to bring in substantial income to the Group, but also, a chance to diversify the Group's business area with rooms to growth.

Household consumable business

The Household Consumable Business acts as a stepping stone for the Group to expand into other European countries for both the Household Consumable Business and the Hygienic Disposables Business as customers in these two business are inter-related. The Household Consumable Business provides steady growths in terms of revenue and profit to the Group.

Directors and Senior Management

Executive Directors

Mr. Wong Wai Sing ("Mr. Wong"), aged 27, an executive Director, chairman and chief executive officer of the Company. Mr. Wong is a member of the Hong Kong Institute of Directors ("HKIoD"). Mr. Wong holds a bachelor of science degree in international business from the Canterbury University, London, an international master degree of business administration from the Stratford University, Falls Church, Virginia, the USA and a master of arts and a doctor of philosophy from the Universidad Empresarial De Costa Rica. He also obtained a certificate of three-tiers' integrate coal mine's safety (三級煤礦安全技術綜合考試) from the Bureau of Xinjiang Coal Mine Safety Supervision, the PRC (中國新疆煤礦安全監察局) and a diploma of lifestyle medicine for stress management from the Harvard Medical School Department of Continuing Education. Mr. Wong is also the Trade Adviser of the Honorary Consulate of Equatorial Guinea to Bucharest Romania and the Diplomatic Adviser to the Special Representatives for the PRC of the Sovereign Order of Saint John of Jerusalem, Knights of Malta, Federation of the Autonomous Priories.

Mr. Wong has experience and/or interests in a wide range of business, including the coal mining, natural resources industry, international coal trading, business consultation, property investment, provision of internet e-gaming, rendering of travel agent services, entertainment programme production, events organization, TV series production, operation of an artist training school, provision of motor vehicles beauty services and provision of underwriting services for general insurance and reinsurance business. He is also the owner of Colors Securities Limited which is principally engaged in dealing in securities (Type 1), advising on securities (Type 4) and asset management (Type 9) and Colors Commodities Limited which is principally engaged in dealing in futures contracts (Type 2) and advising on futures contracts (Type 5).

Mr. Wong was a consultant of a Hong Kong-based medium-sized CPA firm for more than 1 year. He was also a chairman and an executive director of TLT Lottotainment Group Limited, a company incorporated in Hong Kong and the issued shares of which are listed on the Growth Enterprise Market ("GEM") of the Stock Exchange (stock code: 8022), from 17 April 2009 to 31 May 2011. Mr. Wong is currently a non-executive director and the chairman of Ming Kei Holdings Limited (the "Ming Kei"), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which listed on the GEM (stock code: 8239).

Mr. Chum Hon Sing ("Mr. Chum"), aged 34, an executive Director and vice-chairman of the Company. He graduated from University Hill Secondary School in British Columbia, Canada in 1996. Mr. Chum is primarily responsible for devising the Group's business development strategies and overseeing their due execution. Mr. Chum is also responsible for overseeing the manufacturing and sales functions as well as the daily operations of the Group. Since Mr. Chum joining of the Group in 1999, Mr. Chum has taken up roles in different functions within the Group. Prior to assuming his current position of the Group, Mr. Chum worked as the production manager, purchasing manager and sales manager of the Group where Mr. Chum was responsible for overseeing the production and design of the Group's products, purchase of raw materials and machinery as well as expansion of the Group's overseas markets. Since joining the Group, Mr. Chum has successfully led the Group to become an exporter of clinical and household hygienic disposables with innovative designs which include products made with oxo-biodegradable materials, and secured and maintained stable business relationships with various well-established customers in the European Union and the USA. He also expands the markets to the United Kingdom of Great Britain and Northern Ireland by acquisition.

Directors and Senior Management

Executive Directors *(Continued)*

Mr. Lee Chi Shing, Caesar ("Mr. Lee"), aged 49, is an executive Director. He graduated from the Department of Accountancy of the Hong Kong Polytechnic University and also obtained a Master degree in International Accountancy from the Hong Kong Polytechnic University respectively. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), the Association of Chartered Certified Accountants ("**ACCA**") and also a member of the Society of Registered Financial Planners. He is experienced in corporate management and internal control. He was the senior manager of Ernst and Young and has worked in the Inland Revenue Department for over 15 years. He was an executive director of Tanrich Financial Holdings Limited, a company listed on the main board of the Stock Exchange, from 1 November 2004 to 29 June 2005, was an executive director of Sun Century Group Limited (stock code: 1383) from September 2010 – July 2012, was an executive director of TLT Lottotainment Limited (stock code: 8022) from October 2011 – June 2012 and is currently the executive director of and Sun International Resources Limited (stock code: 8029) the shares of the above which are listed on the Main Board and GEM of the Stock Exchange respectively.

Mr. Tsang Ho Ka, Eugene ("Mr. Tsang"), aged 31, an executive Director, joint company secretaries and authorised representatives. Mr. Tsang is a Certified Practising Accountant of the CPA Australia, a Certified Public Accountant ("**CPA**") of the HKICPA, an international associate of the American Institute of Certified Public Accountants, a member of the HKIoD, an associate management accountant of the Institute of Certified Management Accountants, Australia, an associate of the Taxation Institute of Hong Kong, a full member of the Institute of Accountants Exchange, a Certified Tax Adviser of the Taxation Institute of Hong Kong and also the member of the Hong Kong Mining Investment Professionals Association. Mr. Tsang holds a bachelor's degree in commerce from the University of New South Wales, Australia and also completed an accounting extension course of Australian Taxation Law and Australian Corporations Law in the University of Sydney, Australia. Mr. Tsang has over 10 years of experience in accounting and financial management and previously worked in an international CPA firm. Mr. Tsang is also the founder of the Gattaca Company Limited, an independent consultancy company specializing in corporate restructuring and financial reengineering and also a consultant of GenNex Financial Media Limited, a company which is principally engaged in the provision of financial printing services. Mr. Tsang has experience in a wide range of business, including trading and distribution of recycled computers and related accessories, the provision of information technology consulting and related maintenance services, trading of bags and accessories, coordination of various logistics services, the coal mining, sale and distribution of coals in the People's Republic of China (the "**PRC**"), international coal trading, general trading in the PRC, property investments, business consultancy and financial printing services. Prior to join this Company, Mr. Tsang was the company secretary and the qualified accountant of the Richfield Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which were previously listed on the GEM (stock code: 8136) and subsequently transferred to the Main Board of the Stock Exchange (stock code: 183) from March 2006 – March 2007. Mr. Tsang is also a non-executive director of the Ming Kei and the executive director and the joint company secretaries of China Neng Xiao Technology (Group) Limited *(proposed to be renamed as Rising Power Group Holdings Limited)*, a company incorporated in Bermuda with limited liability and the issued shares of which listed on the GEM of Stock Exchange (stock code: 8047).

Directors and Senior Management

Executive Directors *(Continued)*

Ms. Sung Ting Yee (''Ms. Sung''), aged 38, holds a master degree of business administration from University of Birmingham, United Kingdom and a bachelor's degree of arts (Honours) in accountancy from Birmingham City University (formerly known as University of Central England in Birmingham), United Kingdom. Ms. Sung is a Certified Public Accountant of the HKICPA and a fellow member of the ACCA. Ms. Sung has over 15 years' experience in finance, accounting, external and internal auditing in both Hong Kong and the PRC. Ms. Sung previously worked as an audit manager in an international accounting firm and an internal audit manager in BALtrans Holdings Limited, which was subsequently delisted on the Main Board (the "Main Board") of the Stock Exchange after her term of service. Ms. Sung was a finance manager of China Mining Resources Group Limited (stock code: 340), a company listed on the Main Board. Ms. Sung is the chairman, executive director and finance director of China Neng Xiao Technology (Group) Limited (stock code: 8047), a company listed on the GEM Board. Ms. Sung was a chief financial officer of Ming Kei and was re-designated as a group financial controller of Ming Kei with effect from 6 August 2012. Ms. Sung is also the company secretary and the chief financial officer of Colors Securities Limited and Colors Commodities Limited, both being companies which are principally engaged in the provision of financial services, respectively.

Ms. Yick Mi Ching, Dawnibilly ("Ms. Yick"), aged 53, holds a Master of Business Administration and a Master of Management from Macquarie Graduate School of Management, Australia respectively and Honours Degree of Bachelor of Arts in Business Administration from the University of Portsmouth, United Kingdom. Ms. Yick has also completed a diploma in secretarial and administration from the City and Guilds of London Institute and an advanced diploma in secretarial and administrative studies from the Hong Kong Management Association. Ms. Yick has over 19 years of experience in the field of administration. Ms. Yick has over the past years adopted a proactive management approach and delivered an outstanding performance in various areas, specifically in the areas of corporate management and providing secretarial support to the senior executives.

Independent Non-Executive Directors

Mr. Kwok Kam Tim ("Mr. Kwok"), aged 36, was appointed as independent non-executive director of the Company on 15 May 2012. Mr. Kwok is the CPA of the HKICPA and a member of the ACCA. Mr. Kwok holds a bachelor degree of engineering in electronics engineering from the Hong Kong University of Science and Technology and bachelor degree of arts in accountancy from the Hong Kong Polytechnic University. Mr. Kwok has over 11 years of experience in accounting and financial managements and previously worked in an international CPA firm. Mr. Kwok is currently a financial controller of the Loudong General Nice Resources (China) Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 988). He is also an independent non-executive director of the Ming Kei.

Directors and Senior Management

Independent Non-Executive Directors *(Continued)*

Mr. Kinley Lincoln James Lloyd ("Mr. Kinley"), aged 35, was appointed as independent non-executive director of the Company on 15 May 2012. Mr. Kinley is a solicitor of the High Court of Hong Kong, a barrister and solicitor of the High Court of Australia, a solicitor of the Supreme Court of New South Wales, Australia and a barrister and solicitor of the Supreme Court of Western Australia. Mr. Kinley holds a graduate certificate in legal practice and a bachelor degree in law from the University of Technology, Sydney, Australia. Mr. Kinley has over 10 years legal experience in both Australia and Hong Kong respectively and his practice has been focused on the areas of employment law and general commercial litigation. Mr. Kinley is currently a solicitor in a Hong Kong law firm.

Dr. Hui Chik Kwan ("Dr. Hui"), aged 39, was appointed as independent non-executive director of the Company on 15 May 2012. Dr. Hui holds a bachelor degree of medicine and a bachelor degree of surgery from the University of Hong Kong, a postgraduate diploma in practical dermatology from the University of Wales, College of Medicine, United Kingdom. Dr. Hui has completed a certificate of specialist registration under the specialty of family medicine of the Medical Council of Hong Kong. He is also a fellow of the Royal Australia College of General Practitioners, Australia and a fellow of the Hong Kong Academy of Medicine in the specialty of Family Medicine.

Dr. Hui has over 14 years of experiences in the field of family medicine and worked in the Queen Mary Hospital, Tuen Mun Hospital, United Christian Hospital, UMP Park Island Medical Center and Hong Kong Sanatorium & Hospital. Dr. Hui has received all round training in community based family medicine during his practicing in different public and private hospital and private clinic respectively. During the Severe Acute Respiratory Syndrome attack in 2002, Dr. Hui volunteered to work in the accident and emergency department of Queen Mary Hospital. Dr. Hui is now running his own private family medical clinic. Dr. Hui is the family doctor of Mr. Wong.

Joint Secretaries of the Company

Mr. Tsang was appointed as joint company secretary of the Company on 24 April 2012, detail information of Mr. Tsang can be found under the section "Executive Directors".

Mr. Chan Shiu Yuen Sammy appointed as joint company secretary and authorized representative of the Company on 17 December 2010, detail information of Mr. Chan can be found under the section "Senior Management".

Directors and Senior Management

Senior Management

Mr. Chan Shiu Yuen Sammy, aged 49, has joined our Group since December 2009 and is the chief financial officer, authorised representative and joint company secretaries of our Company. Mr. Chan graduated from Dalhousie University, Canada with a Bachelor of Commerce degree in May 1992 and is a fellow member of the ACCA and an associate member of HKICPA. Mr. Chan has over 18 years of experience in auditing, accounting, taxation, business consultancy and financial management. Mr. Chan worked with Deloitte from November 1993 to September 2001. Mr. Chan was the company secretary and qualified accountant during the period between May 2005 and May 2007 and has since December 2009 become an independent non-executive director of Powerleader Science & Technology Group Limited (stock code: 8236), the shares of which are listed on the Growth Enterprise Market of the Stock Exchange. During the period from July 2007 to February 2009, Mr. Chan worked as the deputy general manager of China Fibretech Limited (company registration no: 40381), a company listed on the main board of the Singapore Stock Exchange Limited. In addition, Mr. Chan is a shareholder and director of Brilliant Consultancy Limited (卓見商業顧問有限公司) which is owned as to 50% by Mr. Chan since 3 January 2002.

Mr. Ng Kwai Wah, Sunny, aged 33, was appointed as Chief Investment officer on 1 June 2012, Mr. Ng holds a Bachelor degree of Commerce majoring in Actuarial Studies and Accounting from the University of New South Wales, Australia. Mr. Ng is also a Certified Practising Accountant of the CPA Australia and a Certified Public Accountant of the HKICPA.

Before joining the Group, Mr. Ng worked in one of the international accounting firms and then established his own consulting business. Mr. Ng has also been appointed as various positions in listed and unlisted companies in Hong Kong and the People's Republic of China. Mr. Ng has extensive experiences in corporate and financial management and business planning. Mr. Ng was the non-executive director of FAVA International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the GEM (stock code: 8108) from August 2010 to May 2011.

Mr. Woo Man Wai, **David**, aged 45, holds a bachelor's degree of arts (Honours) in the international business from the City University of Hong Kong. Mr. Woo has over 21 years' experience in several industries in the PRC such as information technology, trading of industrial goods, natural resources and banking sectors who has established a sounds relationship.

Mr. Woo has also taken up the management role for the group's MTBE's and coal trading's segments and taken up the management role as an executive director of a number of subsidiaries of the Company. Prior to joining the Company, Mr. Woo was the senior manager in an international CPA firm which based in Beijing, the PRC.

Corporate Governance Report

The Company and the Board are devoted to achieve and maintain the highest standards of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhancing shareholder value and safeguarding interests of the shareholders and other stakeholders. Accordingly, the Company has adopted sound corporate governance principles that emphasise having a quality Board, effective internal control, stringent disclosure practices and transparency and accountability to all stakeholders.

This Corporate Governance Report ("Report") describes the Company's corporate governance practices with specific reference to the code provisions set out in the Code on Corporate Governance Practices ("The CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as it then was prior to the implementation of the revised code provisions effective from 1 April 2012. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintaining and improving high standards of corporate governance practice. During the financial year ended 31 March 2013, the Company complied with the provisions of the CG Code as set out in Appendix 14 of the Listing Rules as its own code of corporate governance, except for the deviations set out in this Report and where there are deviations from the CG Code, details of such deviations (including considered reasons for such deviations) are set out in this Report.

Code provision A.1.3 of the CG Code

The code provision A.1.3 requires of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given.

Due to the practical reasons, 14 days' advanced notifications have not been given to all meetings of the Board of Directors. Reasons have been given in the notifications in respect of those meetings of the Board where it is not practical to give 14 days' advanced notification. The Board will use its best endeavours to give 14 days' advanced notifications of Board meeting to the extent practicable.

Code provision A.4.1 of the CG Code

The code provision A.4.1 requires the appointment of non-executive directors for a specific term, subject to re-election.

The three independent non-executive Directors of the Company (namely Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan) are not appointed for a fixed term of office, but they are subjected to retirement by rotation and re-election of Directors in the articles of association of the Company, which require one-third of the Directors in office to retire from office by rotation and re-election at each annual general meeting.

Code provision A.6.7 of the CG Code

Code provision A.6.7 stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the view of shareholders.

Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan who are the independent non-executive Directors of the Company were unable to attend the annual general meeting of the Company held on 28 August 2012 ("2012 AGM") as they had other important business engagement.

As an action plan to address the aforesaid deviation, the Company will require all the independent non-executive Directors and other non-executive Directors to attend all future general meetings in order to comply with the code provision A.6.7 of the CG Code.

Code provision A.7.1 of the CG Code

The code provision A.7.1 requires for regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period).

Due to the practical reasons, an agenda and accompanying board paper have not been send, in full, in 3 days' advanced to all meetings of the Board or Board Committee. Reasons have been given in the agenda and accompanying board paper in respect of those meetings of the Board or Board Committee where it is not practical to send, in full, 3 days' advanced. The Board will use its best endeavours to send the agenda and accompanying board paper, in full to the Board or Board Committee at lease 3 days' advanced to the extent practicable.

Code provision E.1.2 of the CG Code

The code provision E.1.2 currently in force stipulates, among other things, that the Chairman of the issuer should attend the annual general meeting.

Mr. Chum Hon Sing, being the Chairman of the Company, was unable to attend the 2012 AGM due to another commitment and Mr. Chum Hon Sing appointed Ms. Yick Mi Ching Dawnibilly, an executive Director, to act as his representative at the 2012 AGM and to take the chair of the said 2012 AGM and to ensure that proceedings of the meeting would be conducted in order. The Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code. This constitutes a deviation of the code provision E.1.2.

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding directors' securities transactions adopted by the Company.

Corporate Governance Report

Board

Responsibilities

The Board is responsible for leading and controlling the Company and overseeing the Group's businesses, strategic decisions and financial performances. The principal role of the Board is to set the parameters within the which the executives conduct the business and to monitor the performance of the executives who are delegated with the responsibility of managing the Group's operations. The management is delegated the authority and responsibility by the Board for the management and daily operations of the Group under the leadership of the Chairman. In addition, the Board had also delegated various responsibilities to the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively the "Committees"), which assist the Board in discharging its duties and overseeing particular aspects of the Group's activities.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer ("CEO"), and the senior management of the Company, with department heads responsible for different aspects of the business.

The Board empowers the senior management team to implement the decisions of the Board and all senior management team members are appointed by the Board. The CEO is responsible for operational management and reports to the Board. In entrusting management and administrative functions to the management team, the Board provides clear instructions regarding the powers delegated to management, and requires the prior approvals of the Board before reporting or making key decisions and commitments on behalf of the Company.

Major corporate matters that are specifically delegated by the Board to the senior management include preparation of interim and annual reports and announcements, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures and compliance with relevant laws, rules and regulations.

Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

As at 31 March 2013 the Board comprises six executive Directors namely Mr. Wong Wai Sing, Mr. Chum Hon Sing, Mr. Lee Chi Shing, Caesar, Mr. Tsang Ho Ka, Eugene, Ms. Sung Ting Yee and Ms. Yick Mi Ching, Dawnibilly and three independent non-executive Directors, namely Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan.

On 15 May 2012, Mr. Chum Tung Hang and Ms. Lei Sao Cheng resigned as executive Director of the Company and on the same date, Mr. Chan Bing Chung, Mr. Chow Tsu-Yin and Mr. Lee Thomas Tuan-Tong resigned as independent non-executive Director of the Company.

Mr. Chum Hon Sing and Mr. Wong Wai Sing are the shareholders of Twin Star Global Limited, each holding 50% of the issued share capital therein. Twin Star Global Limited was interested in 340,267,659 shares of the Company as at 31 March 2013. Save as aforesaid, the Board members have no financial, business, family or other material/ relevant relationships with each other.

Corporate Governance Report

The Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executives directors representing at least one-third of the Board and with at least one independent non-executive director possessing appropriate professional qualification, or accounting or related financial management expertise throughout 31 March 2013.

Insurance Cover

The Company has in place appropriate insurance cover in respect of any legal action against its directors and officers. The extent of insurance cover is reviewed in an annual basis.

Chairman and Chief Executive Officer

As at 31 March 2013, Mr. Chum Hon Sing is the chairman of the Board and an executive Director, and Mr. Wong Wai Sing is the vice-chairman and CEO of the Company and an executive Director.

On 15 May 2012, Mr. Chum Tung Hang resigned as the Chairman and executive Director of the Company and Mr. Chum Hon Sing was appointed as the Chairman of the Company and Mr. Wong Wai Sing was appointed as the CEO of the Company on the same date.

The role of the chairman is segregated from that of the CEO of the Company. The chairman is responsible for managing the Board, steering the Board to formulate overall strategies and business development plans, ensuring the receipt of sufficient, complete and reliable information by each Director and the receipt of reasonable explanations for the issues raised in Board meetings, the CEO is responsible for managing the business of the Company and implementing policies, business objectives and plans formulated by the Board, and is accountable to the Board for the Company's overall operation. The senior management team is responsible for the day-to-day operations of the Group under the leadership of the CEO of the Company.

Non-Executive Directors

As at 31 March 2013, Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan was appointed as independent non-executive Director of the Company effective from 24 April 2012.

Appointment, Re-Election and Removal

The Company's articles of association set out a formal procedure for the appointment of new Directors to the Board. Any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall retire and be eligible for reappointment at the next general meeting after appointment. At every annual general meeting, one-third of the Directors shall be subject to retirement by rotation and re-election by the shareholders of the Company.

Corporate Governance Report

Directors' and Auditors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibility to prepare the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cashflows for that period. In preparing the financial statements for the year ended 31 March 2013, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The Directors also warrant that the Group's financial statements will be published in a timely manner.

The reporting responsibility of the external auditors of the Company on the financial statements of the Company for the year are set out in the Independent Auditor's Report on pages 37 to 38 of this annual report.

Continuous Professional Development of Directors

Every newly appointed director will receive comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Reading material on relevant topics will be issued to directors where appropriate. All directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 March 2013, directors attended seminars and training sessions arranged by various professional institutes and bodies. In addition, relevant reading materials including the updates on the business, operations, corporate governance, legal and regulatory matters have been provided to all directors for their reference and studying.

Participation in Continuous Professional Development Activities

Name of Directors	Reading regulatory updates	Attending trainings/briefings/ seminars/conference relevant to Directors' duties
Executive Directors:		
Mr. Wong Wai Sing	✓	✓
Mr. Chum Hon Sing	✓	✓
Mr. Lee Chi Shing, Caesar	✓	✓
Mr. Tsang Ho Ka, Eugene	✓	✓
Ms. Sung Ting Yee	✓	✓
Ms. Yick Mi Ching, Dawnibilly	✓	✓
Independent Non-Executive Directors:		
Mr. Kwok Kam Tim	✓	✓
Mr. Kinley Lincoln James Lloyd	✓	✓
Dr. Hui Chik Kwan	✓	✓

Corporate Governance Report

Board and General Meeting

Apart from the annual general meeting, the Board is expected to meet regularly at least four times a year. Between scheduled meetings, the senior management of the Group provides information to Directors on a regular basis regarding the activities and development in the businesses of the Group. The Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors.

The Board held twenty-five meetings during the year ended 31 March 2013 with the attendance of each Director as follows:

	Number of meetings attended/ Eligible to attend	
Directors	**Board meeting**	**General meeting**
Executive Directors:		
Mr. Chum Hon Sing *(Chairman)*	22/25	0/1
Mr. Wong Wai Sing *(CEO)*	25/25	0/1
Mr. Lee Chi Shing Caesar	22/25	1/1
Mr. Tsang Ho Ka, Eugene[1]	22/22	1/1
Ms. Sung Ting Yee[1]	20/22	1/1
Ms. Yick Mi Ching, Dawnibilly[3]	18/20	1/1
Ms. Lei Sao Cheng[2]	5/5	–
Mr. Chum Tung Hang[2]	5/5	–
Independent Non-Executive Directors:		
Mr. Kwok Kam Tim[1]	19/22	1/1
Mr. Kinley Lincoln James Lloyd[1]	19/22	0/1
Dr. Hui Chik Kwan[1]	19/22	0/1
Mr. Lee Thomas Tuan-Tong[2]	5/5	–
Mr. Chow Tsu-Yin[2]	5/5	–
Mr. Chan Bing Chung[2]	5/5	–

1 Appointed on 24 April 2012
2 Resigned on 15 May 2012
3 Appointed on 1 June 2012

With respect to regular meeting of the Board, the Directors will be given written notice of the meeting at least 14 days in advance and an agenda with supporting Board papers no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances. Except for those circumstances permitted by the articles of association of the Company, a Director who has a material interest in any contract, transaction, arrangement or any other kind of proposal put forward to the Board for consideration, will abstain from voting on the relevant resolution and such Director is not counted as quorum.

Corporate Governance Report

Board Committees

The Board established the Committees on 17 December 2010 with clearly-defined written terms of reference. The main roles and responsibilities of the Committees, including all authorities delegated to them by the Board, are set out in the respective terms of reference. The independent views and recommendations of the Committees ensure proper control of the Group and the continual achievement of high corporate governance standards expected of a listed company. The chairman of each committee reports the outcome of the Committees' meetings to the Board for further discussions and approvals.

Audit Committee

As at 31 March 2013, the Audit Committee comprises three independent non-executive Directors, Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan. The Audit Committee was chaired by Mr. Kwok Kam Tim, who possesses the appropriate professional qualification and extensive experience in, and knowledge of, finance and accounting as required under Rule 3.10 of the Listing Rules.

On 15 May 2012, Mr. Chan Bing Chung (Chairman). Mr. Chow Tsu-Yin and Mr. Lee Thomas Tuan-Tong resigned as member of the Audit Committee and Mr. Kwok Kam Tim (Chairman). Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan was appointed as the member of the Audit Committee on the same date.

The Board has established the Audit committee with specific written terms of reference setting out the duties, responsibilities and authorities delegated by the Board. The major duties and responsibilities of the Audit Committee include (i) making recommendations to the Board on the appointment, reappointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors, and addressing any questions of resignation or dismissal of such auditors, reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and developing and implementing policies in the engagement of the external auditors to supply non-audit services; (ii) monitoring the integrity of financial statements and reports of the Group and reviewing significant financial reporting judgements contained therein; and (iii) reviewing the effectiveness of the financial reporting and internal control systems of the Group.

The Audit Committee held two meeting during the year ended 31 March 2013 with attendance of each member as follows:

Name of audit committee members	Attend/ Eligible to attend
Mr. Kwok Kam Tim	2/2
Mr. Kinley Lincoln James Lloyd	2/2
Dr. Hui Chik Kwan	2/2

During the year ended 31 March 2013, the Audit Committee had (i) discussed with the external auditor and the management on the audit plan and the impact on the Group in respect of the amendments to the accounting principles and standards and the development of corporate governances; (ii) reviewed the remuneration and terms of engagement of the external auditor, and recommended the Board on the appointment of the external auditor; (iii) reviewed the effectiveness of the audit process and met with the external auditor for reviewing the Company's interim results for the six months ended 30 September 2012 and the financial and accounting policies, practices and disclosure requirements; and (iv) made recommendations to the Board that BDO Limited be re-appointed as the Group's external auditor at the forthcoming annual general meeting.

Board Committees *(Continued)*

Remuneration Committee

As at 31 March 2013, the Remuneration Committee comprises three independent non-executive Directors, Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan. The Remuneration Committee is chaired by Mr. Kwok Kam Tim.

On 15 May 2012, Mr. Chow Tsu-Yin (Chairman), Mr. Lee Thomas Tuan-Tong, Mr. Chum Tung Hang and Mr. Chan Bing Chung resigned as member of the remuneration Committee and Mr. Kwok Kam Tim (Chairman). Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan was appointed as the member of the Remuneration Committee on the same date.

The Remuneration Committee is responsible for, among other functions, making recommendations to the Board on the policies and structure for the remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; determining the specific remuneration packages of the executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The remuneration committee met two times during the year ended 31 March 2013, in which the member of the remuneration committee reviewed the existing remuneration policy and structure of the Company and the remuneration packages and discretionary bonus of the Directors and senior management for the year ended 31 March 2013 for the Board's approval. The attendance record of the remuneration committee is set out below:

Directors	**Attend/ Eligible to attend**
Mr. Kwok Kam Tim	1/1
Mr. Kinley Lincoln James Lloyd	1/1
Dr. Hui Chik Kwan	1/1
Mr. Lee Thomas Tuan-Tong	1/1
Mr. Chow Tsu Yin	1/1
Mr. Chan Bing Chung	1/1
Mr. Chum Tung Hang	1/1

Board Committees *(Continued)*

Nomination Committee

As at 31 March 2013, the Nomination Committee comprises three independent non-executive Directors, Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan. The Nomination Committee is chaired by Mr. Kwok Kam Tim.

On 15 May 2012, Mr. Lee Thomas Tuan-Tong(Chairman), Mr. Chow Tsu-Yin and Mr. Chan Bing Chung resigned as member of the Nomination Committee and Mr. Kwok Kam Tim (Chairman), Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan was appointed as the member of the Nomination Committee on the same date.

The Nomination Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and making recommendations to the Board regarding any proposed changes; identifying individuals qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships, in particular candidates who can add value to the management through their contributions in strategic business areas and whose appointment will lead to a strong Board, assessing the independence of the independent non-executives Directors, and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of the Directors and succession planning for the Directors in particular for the chairman and CEO.

The nomination committee met two times during the year ended 31 March 2013, in which the members of the nomination committee discussed and made recommendation of the Board on the re-election of retiring Directors, and reviewed the annual confirmation of independence of the independent non-executive Directors, pursuant to Rule 3.13. of the Listing Rules. The attendance record of the nomination committee is set out below:

Directors	Attend/ Eligible to attend
Mr. Kwok Kam Tim	1/1
Mr. Kinley Lincoln James Lloyd	1/1
Dr. Hui Chik Kwan	1/1
Mr. Lee Thomas Tuan-Tong	1/1
Mr. Chow Tsu-Yin	1/1
Mr. Chan Bing Chung	1/1

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code as its code of conduct regarding securities transactions by directors. The Company confirms that, having made specific enquiry of all the Directors, the Directors have complied with the required standards as set out in the Model Code for the year ended 31 March 2013.

Responsibilities in Respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2013.

The senior management of the Company has provided such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Board is responsible for presenting a clear and balanced view of the Company's annual and interim reports, price-sensitive announcements, disclosures required under the Listing Rules, and other regulatory requirements. The Directors acknowledge their responsibility for preparing the financial statements and the accounts.

Auditors' Remuneration

During the year, the remuneration paid/payable to the external auditors of the Company in respect of statutory audit and non-audit services amounting to HK$1,180,000 and HK$175,000 respectively.

Internal Control

The Board is responsible for internal control of the Group and for reviewing its effectiveness. The Board requires the senior management to establish and maintain sound and effective internal controls.

The internal control framework includes central direction, resources allocation and risk management of the activities of various functional departments. As such, the Group has a clear organisational structure including appropriate segregation of duties and reporting systems. Limits of authorities have been established. Starting from the top, there is a list of matters reserved for Board approval. In carrying out key functions, senior management personnel are assigned levels of authority and accountability commensurate with their positions and duties. There are also relevant policies and procedures applicable to all functional departments to guide their operations.

With respect to the procedures and internal controls for the handling and dissemination of price-sensitive information, the Group conducts its affairs with close attention to the "Guide on Disclosure of Price-Sensitive Information" issued by the Stock Exchange, and has also implemented guidelines and procedures for dealings in its securities by the Directors.

During the financial year, the Board had conducted a review on the effectiveness of the internal control system of the Company, and considered the internal control system to be effective and adequate and concluded that there were no significant areas of concern which might affect shareholders' interests.

Corporate Governance Report

Joint Company Secretaries

Up to the date of this report, the joint company secretaries of the Company is Mr. Chan Shiu Yuen Sammy ("Mr. Chan") and Mr. Tsang Ho Ka, Eugene ("Mr. Tsang") and a written confirmation had been received by the Company from Mr. Chan and Mr. Tsang respectively to confirm each took not less than 15 hours of relevant professional training during the current year ended under reviewed and up to the date of this report. The Company is on the view that Mr. Chan and Mr. Tsang comply with the Listing Rule of 3.29.

Communications with Shareholders

The Group reports to its shareholders twice a year. Interim and annual results are announced as early as possible to keep shareholders informed of the Group's performance. The general meetings of the Company provide a forum for communication between the shareholders and the Board. All shareholders are encouraged to attend the annual general meetings to discuss the progress of the Group's business. The chairman of each of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee, or in their absence, other members of the respective Committees are available to answer questions at the general meetings. Separate resolutions are proposed at the general meetings on each substantial issue, including re-election of Directors. The Company's website, which contains corporate information, interim and annual reports, announcements and circulars issued by the Company as well as the recent developments of the Group, enables the shareholders to access information on the Group on a timely basis.

The Company is liable to secure shareholders' interests. The Company maintains contact with its shareholders through annual general meeting and other general meetings, and encourages shareholders to attend those meetings.

Notice of general meeting is sent by mail to the registered shareholders of the Company. Agenda, resolutions proposed and voting form are set out in the notice of general meeting.

Shareholders or investors can contact the Company at the registered address of the Company to make enquiry or to provide suggestions.

Investor Relations

The Company's website (www.newtreegroupholdings.com) offer communication channel between the Company and the Company's shareholders and potential investor. Apart from disclosure of all necessary information to the shareholders in compliance with the Listing Rules of the Stock Exchange, news update of the Company's business development and operation are available on the Company's website.

Constitutional Documents

During the year, there was no change in the Company's constitutional documents.

Report of the Directors

The Directors are pleased to present the first annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2013.

Corporate Information and Group Reorganisation

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 9 June 2010.

Pursuant to a group reorganisation carried out for the listing of the Company's share on the Stock Exchange (the "**Group Reorganisation**") which rationalised the group structure in preparation for the Listing, the Company became the holding company of the Group on 24 December 2010.

Principal Activities

The principal activities of the Group are engaged in manufacture and trading of hygienic disposables for household and clinical and trading of related raw materials ("Hygienic Disposables Business") in the People's Republic of China ("PRC") and Macau, agent and trading of Methyl Tertiary Butyl Ether ("MTBE") products ("MTBE Business") in Hong Kong ("HK") and wholesale and retail of household consumables ("Household Consumables Business") in United Kingdom ("UK"). Details of the principal activities of the Company's principal subsidiaries are set out in note 26 of the consolidated financial statements contained herein.

Results and Dividends

The Group's profit for the year ended 31 March 2013 and its state of affairs as at 31 March 2013 are set out in the consolidated financial statements on pages 39.

No dividend was proposed during both year ended 31 March 2013 and 31 March 2012.

Financial Summary

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 98 of this annual report. This summary does not form part of the audited consolidated financial statements.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 13 of the consolidated financial statements contained herein.

Other Intangible Assets

Details of the movements in the other intangible assets of the Group during the year are set out in note 15 of the consolidated financial statements contained herein.

Report of the Directors

Share Capital

Details of the movements in the Company's share capital during the year are set out in note 24 of the consolidated financial statements.

Share Option Scheme

The Company's share option scheme was adopted pursuant to a resolution passed on 17 December 2010 (the "Share Option Scheme") for the purpose of providing incentives and rewards to employees, executive and officers (including executive and non-executive directors) of the Company and any of its subsidiaries and advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who will contribute or have contributed to the Company or any of its subsidiaries. Under the Share Option Scheme, the Board may grant options to eligible employees, including the directors of the Company and any of its subsidiaries, to subscribe for shares in the Company.

Without prior approval from the Company's shareholders, (i) the total number of shares to be issued under the options of the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue; and (ii) the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue.

Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the Directors 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.

During the period from 17 December 2010 to the date of this annual report, no options were granted under the Share Option Scheme.

Reserves

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity contained herein.

Distributable Reserves

As at 31 March 2013, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law of the Cayman Islands (the "**Companies Law**"), amounted to approximately HK$254,198,000 (as at 31 March 2012: HK$293,575,000). Under the Companies Law, the share premium account of the Company of approximately HK$288,369,000 as at 31 March 2013 (as at 31 March 2012: HK$288,369,000) is distributable to the shareholders of the Company subject to the provisions of its memorandum and articles of association and provided that immediately following the date on which the dividend, if any, is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business. The Company's share premium account may be distributed in the form of fully paid bonus shares.

Report of the Directors

Directors

The Directors during the year and up to the date of this annual report were:

Executive Directors	
Mr. Wong Wai Sing	
Mr. Chum Hon Sing	
Mr. Lee Chi Shing, Caesar	
Mr. Tsang Ho Ka, Eugene	(appointed on 24 April 2012)
Ms. Sung Ting Yee	(appointed on 24 April 2012)
Ms. Yick Mi Ching, Dawnibilly	(appointed on 1 June 2012)
Mr. Chum Tung Hang	(resigned on 15 May 2012)
Ms. Lei Sao Cheng	(resigned on 15 May 2012)
Independent Non-executive Directors	
Mr. Kwok Kam Tim	(appointed on 24 April 2012)
Mr. Kinley Lincoln James Lloyd	(appointed on 24 April 2012)
Dr. Hui Chik Kwan	(appointed on 24 April 2012)
Mr. Lee Thomas Tuan-Tong	(resigned on 15 May 2012)
Mr. Chow Tsu-Yin	(resigned on 15 May 2012)
Mr. Chan Bing Chung	(resigned on 15 May 2012)

In accordance with Article 84 of the Company's articles of association, one-third of the Directors will retire by rotation and be eligible to offer themselves for re-election at the 2013 Annual General Meeting ("2013 AGM").

The Company has received from each independent non-executive Director an annual confirmation of his independence from the Group, and as at the date of this annual report, still considers each of them to be independent pursuant to Rule 3.13 of the Listing Rules.

Biographies of the Directors and Senior Management

Biographical details of the Directors and the senior management of the Group are set out on pages 14 to 18 of this annual report.

Directors' Service Contracts

Mr. Chum Hon Sing has entered into a service agreement with the Company for a term of three years commencing from 13 January 2011. There is no service contract entered into between the Company for each of Mr. Wong Wai Sing, Mr. Lee Chi Shing, Caeser, Mr. Tsang Ho Ka, Eugene, Ms. Sung Ting Yee and Ms. Yick Mi Ching, Dawnibilly and they have not been appointed to any specific term during the year.

During the year ended 31 March 2013, the independent non-executive Directors, namely Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan had not been entered into any service contract with the Company and have not been appointed to any specific term during the year.

No Director proposed for re-election at the 2013 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Report of the Directors

Directors' Remuneration

The Board has the general power of determining the Directors' remuneration, subject to authorisation of the shareholders of the Company at the annual general meeting each year. The remuneration of the executive Directors is subject to review by the Remuneration Committee, and their remuneration is determined with reference to the Directors' qualifications, experience, duties, responsibilities and performance and results of the Group. As for the independent non-executive Directors, remuneration is determined by the Board, upon recommendation from the Remuneration Committee. Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 10 in the Notes to the Consolidated Financial Statements.

Directors' Interests in Contracts

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

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 March 2013, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinances, Cap 571 of The Laws of Hong Kong ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules were as follows:

Name of director	Nature of interest	total number of shares held (Note)	Approximate percentage of interest in the Company
Mr. Wong Wai Sing	Beneficial owner	340,267,659	51.04%
Mr. Chum Hon Sing	Beneficial owner	340,267,659	51.04%

Note: These 340,267,659 shares are held by Twin Star Global Limited, a company beneficially owned by Mr. Wong Wai Sing and Mr. Chum Hon Sing as to 50% and 50% respectively.

Director's Rights to Acquire Shares or Debenture

Save as disclosed in the section "Share Option Scheme", at no time during the year and up to the date of this annual report were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or any of their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Report of the Directors

Substantial Shareholders

As at 31 March 2013, the following persons (not being a director or the chief executive of our Company) have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Nature of interest	Total number of shares held	Approximate percentage of interest in the Company
Twin Star Global Limited (Note 1)	Beneficial owner	340,267,659	51.04%
Speeder Link International Ltd (Note 2)	Security Interest	339,999,660	51.00%
Liu Fenzhen (Note 3)	Interest in Controlled Corporation	339,999,660	51.00%

Note:

1. The Company was ultimately beneficially owned as to 50% by Mr. Wong Wai Sing and 50% by Mr. Chum Hon Sing.

2. A total of 339,999,660 shares (which beneficially owned by Twin Star Global Limited) are deemed to be interested by Speeder Link International Limited as person having a security interest in the shares.

3. These 339,999,660 shares are held by Speeder Link International Limited, a company which is 100% controlled by Liu Fenzhen. By virtue of the SFO, Liu Fenzhen is deemed to be interested in all shares held by Speeder Link International Limited.

Save as disclosed herein, the Company has not been notified of any other person (other than the directors or chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 March 2013.

Related Party Transactions

During the year, the Group entered into following transactions with related parties:

Name of related party	Nature of transaction	**2013** **HK$'000**	2012 HK$'000
Mr. Ng Kwai Wah, Sunny ("Mr. Ng") (Note)	consultancy fee	**1,500**	–

Note: The consultancy fee is paid to Mr. Ng, the Chief Investment Officer of the Company.

Connected Transactions

During the year, the Group entered into following transactions with related parties:

Name of connected party	Nature of transaction	**2013** **HK$'000**	2012 HK$'000
Mr. Woo Man Wai, David ("Mr. Woo") (Note)	Management fee	**2,248**	323

Note: The management fee is paid to a related company of which Mr. Woo, a director and a non-controlling shareholder of one of the Group's subsidiaries, is also the director and shareholder of the related company.

During the year, the Group and Core Winner Limited had contributed, HK$1,000,000 and HK$420,000 respectively as working capital and shareholders' loan to Think Medical Science (HK) Limited (a non-wholly owned subsidiary of the Group).

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange during the year ended 31 March 2013.

Pre-Emptive Rights

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

Sufficiency of Public Float

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

Major Suppliers and Customers

In the year under review, the Group's largest supplier accounted for 19.2% (2012: 16.7%) of the Group's total purchases. The Group's five largest suppliers accounted for 53.9% (2012: 55.4%) of the Group's total purchases.

In the year under review, the Group's sales to its five largest customers accounted for 65.2% (2012: 90.4%) of the Group's total sales. The Group's largest customer accounted for 18.4% (2012: 30.9%) of the Group's total sales.

None of the Directors or any of their associates (as defined under the Listing Rules) or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest customers or five largest suppliers.

Report of the Directors

Audit Committee and Review of Financial Statements

The Audit Committee was established on 17 December 2010 with written terms of reference in compliance with the Listing Rules. The Audit Committee is responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of auditors; monitoring integrity of the financial statements, annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them as well as reviewing the financial controls, internal control and risk management systems.

The Audit Committee has reviewed with the management accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters, including review of the audited consolidated financial statements of the Group for the year ended 31 March 2013.

Corporate Governance

The Company has published its corporate governance report, which is set out on pages 19 to 29 of this annual report.

Auditor

Deloitte Touche Tohmatsu resigned as auditor of the Company and BDO Limited was appointed as auditor of the Company during the year.

Saved as disclosed above, there was no change of the auditor of the Company in the past three years.

A resolution will be submitted at the coming annual general meeting to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board

Mr. Wong Wai Sing
Chairman

Hong Kong, 26 June 2013

Independent Auditor's Report

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

We have audited the consolidated financial statements of Newtree Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 97, which comprise the consolidated and company statements of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

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

BDO Limited
Certified Public Accountants

Lam Siu Fung
Practising Certificate number P05308

Hong Kong, 26 June 2013

Consolidated Statement of Comprehensive Income

For the Year ended 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000
Revenue	5	**565,152**	259,094
Cost of sales		**(530,091)**	(250,504)
Gross profit		**35,061**	8,590
Other income	6	**38,661**	2,636
Other gains and losses	7	**(534)**	(1,941)
Selling and distribution expenses		**(8,859)**	(9,281)
Administrative expenses		**(53,401)**	(33,033)
Other expenses		**(1,696)**	(3,963)
Interest expense on trust receipt loan		**(112)**	–
Profit (loss) before tax		**9,120**	(36,992)
Income tax (expense) credit	8	**(2,318)**	1,887
Profit (loss) for the year	9	**6,802**	(35,105)
Other comprehensive income			
Exchange difference arising on translation		**(861)**	5,046
Other comprehensive income for the year, net of income tax		**(861)**	5,046
Total comprehensive income for the year, net of income tax		**5,941**	(30,059)
Profit (loss) for the year attributable to:			
Owners of the Company		**6,619**	(33,541)
Non-controlling interests		**183**	(1,564)
		6,802	(35,105)
Total comprehensive income for the year, attributable to:			
Owners of the Company		**5,793**	(28,495)
Non-controlling interests		**148**	(1,564)
		5,941	(30,059)
Earnings (loss) per share	12		
– basic and diluted (HK cents)		**0.99**	(5.03)

Consolidated Statement of Financial Position

At 31 March 2013

	NOTES	**2013** **HK$'000**	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**27,680**	28,243
Prepaid lease payments	14	**6,307**	6,510
Other intangible assets	15	**20,833**	23,197
Goodwill	16	**9,774**	9,774
		64,594	67,724
CURRENT ASSETS			
Inventories	18	**52,377**	69,608
Prepaid lease payments	14	**212**	211
Trade and other receivables and prepayments	19	**367,852**	100,193
Pledged bank deposit	20	**7,803**	62,286
Bank balances and cash	20	**25,234**	128,943
		453,478	361,241
CURRENT LIABILITIES			
Trade and other payables and accruals	21	**101,811**	28,272
Trust receipt loan	22	**9,163**	–
Tax payable		**7,114**	5,670
		118,088	33,942
NET CURRENT ASSETS		**335,390**	327,299
TOTAL ASSETS LESS CURRENT LIABILITIES		**399,984**	395,023
NON CURRENT LIABILITIES			
Deferred tax liabilities	23	**3,950**	4,432
NET ASSETS		**396,034**	390,591
CAPITAL AND RESERVES			
Share capital	24	**6,667**	6,667
Reserves		**388,402**	382,609
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**395,069**	389,276
Non-controlling interests		**965**	1,315
TOTAL EQUITY		**396,034**	390,591

The financial statements on pages 39 to 97 were approved and authorised for issue by the Board of Directors on 26 June 2013 and are signed on its behalf by:

Mr. Wong Wai Sing
DIRECTOR

Mr. Tsang Ho Ka, Eugene
DIRECTOR

Company Statement of Financial Position

At 31 March 2013

	NOTES	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**2,750**	–
Interests in subsidiaries	26	**258,053**	219,486
		260,803	219,486
CURRENT ASSETS			
Prepayments		**1,075**	–
Pledged bank deposit	20	**–**	62,286
Bank balances and cash	20	**8,078**	22,121
		9,153	84,407
CURRENT LIABILITIES			
Other payables and accruals		**2,234**	2,997
Amounts due to subsidiaries	26	**6,203**	–
		8,437	2,997
NET CURRENT ASSETS		**716**	81,410
NET ASSETS		**265,519**	300,896
CAPITAL AND RESERVES			
Share capital	24	**6,667**	6,667
Reserves	25	**254,852**	294,229
TOTAL EQUITY		**265,519**	300,896

The financial statements on pages 39 to 97 were approved and authorised for issue by the Board of Directors on 26 June 2013 and are signed on its behalf by:

Mr. Wong Wai Sing	**Mr. Tsang Ho Ka, Eugene**
DIRECTOR	DIRECTOR

Consolidated Statement of Changes in Equity

For the Year ended 31 March 2013

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Legal reserve HK$'000 (Note (i))	Special reserve HK$'000 (Note (ii))	Exchange reserve HK$'000	Other reserve HK$'000 (Note (iii))	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2011	6,667	288,369	49	678	10,891	(6,000)	137,117	437,771	–	437,771
Loss for the year	–	–	–	–	–	–	(33,541)	(33,541)	(1,564)	(35,105)
Other comprehensive income	–	–	–	–	5,046	–	–	5,046	–	5,046
Total comprehensive income for the year	–	–	–	–	5,046	–	(33,541)	(28,495)	(1,564)	(30,059)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	2,879	2,879
Dividend recognised as distribution	–	–	–	–	–	–	(20,000)	(20,000)	–	(20,000)
At 31 March 2012	6,667	288,369	49	678	15,937	(6,000)	83,576	389,276	1,315	390,591
Profit for the year	–	–	–	–	–	–	6,619	6,619	183	6,802
Other comprehensive income	–	–	–	–	(826)	–	–	(826)	(35)	(861)
Total comprehensive income for the year	–	–	–	–	(826)	–	6,619	5,793	148	5,941
Dividend recognised as distribution	–	–	–	–	–	–	–	–	(498)	(498)
At 31 March 2013	6,667	288,369	49	678	15,111	(6,000)	90,195	395,069	965	396,034

Notes:

(i) In accordance with the provisions of Macao Commercial Code, Two-Two-Free Limited-Macao Commercial Offshore ("Two-Two-Free"), a subsidiary of the Company, is required to transfer a minimum of 25% of annual net profit to legal reserve until the legal reserve equals half of the quota capital. This reserve is not distributable to shareholders.

(ii) The special reserve represents the difference between the nominal value of the share capital issued by the Company and the share premium and the nominal value of the share capital of the subsidiaries comprising the Group prior to the group reorganisation in preparing for listing on The Stock Exchange of Hong Kong Limited.

(iii) The other reserve represents the difference between the fair value of interest-free advance to Mr. Chum Tung Hang, a shareholder of a subsidiary comprising the Group prior to the group reorganisation, measured at amortised cost using the effective interest method and its principal amount at inception.

Consolidated Statement of Cash Flows

For the Year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES		
Profit (loss) before tax	**9,120**	(36,992)
Adjustments for:		
Depreciation of property, plant and equipment	**5,592**	10,861
Amortisation of prepaid lease payments	**211**	251
Amortisation of other intangible assets	**2,423**	20,142
Impairment loss recognised on trade and other receivables	**980**	3,653
Inventories written off	**4,924**	–
Interest expense on trust receipt loan	**112**	–
Bank interest income	**(145)**	(1,829)
Other interest income	**(2,527)**	–
Gain on disposal of financial assets	**(733)**	–
(Gain) loss on disposal of property, plant and equipment	**(95)**	11
Operating cash flows before movements in working capital	**19,862**	(3,903)
Decrease in inventories	**12,292**	10,088
Increase in trade and other receivables and prepayments	**(266,339)**	(16,556)
Increase (decrease) in trade and other payables and accruals	**72,387**	(9,983)
Cash used in operating activities	**(161,798)**	(20,354)
Income tax paid	**(1,362)**	–
Income tax refund	**–**	125
NET CASH USED IN OPERATING ACTIVITIES	**(163,160)**	(20,229)
INVESTING ACTIVITIES		
Payment in acquisition of subsidiaries	**–**	(43,854)
Purchase of property, plant and equipment	**(6,010)**	(5,600)
Purchase of prepaid lease payments	**–**	(3,750)
Purchase of financial assets	**(11,414)**	–
Decrease (increase) in pledged bank deposit	**54,483**	(2,786)
Proceeds on disposal of financial assets	**12,147**	–
Proceeds on disposal of prepaid lease payments	**–**	3,708
Proceeds on disposal of property, plant and equipment	**1,121**	3,707
Other interest received	**385**	–
Interest received	**145**	1,829
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	**50,857**	(46,746)
FINANCING ACTIVITIES		
Dividend paid	**–**	(20,000)
Dividend paid to a non-controlling owner of a subsidiary	**(498)**	–
Trust receipt loan raised	**9,163**	–
Advance from a related party	**1,199**	–
Interest paid	**(112)**	–
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	**9,752**	(20,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(102,551)**	(86,975)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**128,943**	215,488
Effect of foreign exchange rate changes	**(1,158)**	430
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**25,234**	128,943

Notes to the Consolidated Financial Statements

For the Year ended 31 March 2013

1. General Information

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 January 2011. The address of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

In the opinion of the directors, the ultimate holding company of the Company is Twin Star Global Limited, a limited company incorporated in British Virgin Islands.

The principal activities of the Group are engaged in manufacture and trading of hygienic disposables for household and clinical and trading of related raw materials ("Hygienic Disposables Business") located in the Peoples' Republic of China (the "PRC") and Macau, agent/trading of Methyl Tertiary Butyl Ether (MTBE) products located in Hong Kong ("MTBE Business") and wholesale and retail of household consumables ("Household Consumables Business") located in United Kingdom. The principal activities of the Company's subsidiaries are set out in Note 26.

The consolidated financial statements have been presented in Hong Kong dollars ("HKD"), while the functional currency of the Company is United State dollars ("USD"). The directors of the Company selected HKD as the presentation currency because the directors consider that presenting the consolidated financial statements in HKD is preferable when controlling and monitoring the performance and financial position of the Group.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs'')

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

The adoption of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial statements.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2014.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 July 2012.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

HKFRSs (Amendments) — Annual Improvements 2009-2011 Cycle

The improvements made amendments to the following standards:

(i) HKAS 1 Presentation of Financial Statements

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or make a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRSs. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) HKAS 16 Property, Plant and Equipment

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) HKAS 32 Financial Instruments: Presentation

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) HKAS 34 Interim Financial Reporting

The amendments clarify that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment needs to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs'') *(Continued)*

Amendments to HKAS 1 (Revised) — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit or loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

Amendments to HKAS 32 - Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKFRS 7 - Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

HKFRS 9 — Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs'') *(Continued)*

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 — Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

The Group is in the process of making an assessment of the potential impact of these pronouncements. The directors so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (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 consolidated statement of comprehensive income from the effective date of acquisition and 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 in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income 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.

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, except that the deferred tax assets or liabilities are recognised and measured in accordance with HKAS 12 Income Taxes.

3. Significant Accounting Policies *(Continued)*

Business Combinations *(Continued)*

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 re-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, when applicable, on the basis specified in another standard.

Where the consideration transferred by the Group 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 included 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 made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at 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.

Merger Accounting for Business Combination Involving Entities under Common Control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

3. Significant Accounting Policies *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

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

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

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

Agency fee income and other service income are recognised when services are provided.

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

3. Significant Accounting Policies *(Continued)*

Property, plant and equipment

Property, plant and equipment including building held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

Leasing

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

Leasehold land and building

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

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

3. Significant Accounting Policies *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the group entities are translated into the presentation currency of the Group (i.e. HKD) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of exchange reserve.

Retirement benefit costs

Payments to state-managed retirement benefit schemes, Mandatory Provident Fund Scheme and defined contribution retirement scheme in Macau are recognised as an expense when employees have rendered service entitling them to the contributions.

3. Significant Accounting Policies *(Continued)*

Taxation

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

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

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

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

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

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

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

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. Significant Accounting Policies *(Continued)*

Other intangible assets

Other intangible assets acquired in a business combination

Other intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, other intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for other intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Other intangible assets with indefinite useful lives are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from being indefinite to finite is accounted for on a prospective basis. (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Inventories

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables.

Effective interest method

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

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Loans and receivables

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

Impairment of financial assets

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

Objective evidence of impairment could include:

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

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days to 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

The Group's financial liabilities i.e. trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

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

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

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets and other intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

3. Significant Accounting Policies *(Continued)*

Related parties

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

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

(ii) has significant influence over the Group; or

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

(b) An entity is related to the Group if any of the following conditions apply:

(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 the employees of the Group or an entity related to the Group.

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant. 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 revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Useful lives of other intangible assets

As at 31 March 2013, the carrying amount of the Group's intangible assets excluding goodwill is approximately HK$20,833,000 (2012: HK$23,197,000). The estimated useful lives of the assets reflect the directors' estimate of the periods over which the other intangible assets are expected to generate net cash flows for the Group based on certain assumptions including attrition of customers base and possibility of renewal of sales contract.

During the current year, the Group re-assessed the useful life of an intangible asset with the carrying value of approximately HK$11,895,000 such that its useful life is changed from a finite life to an indefinite life. The change in accounting estimate has been accounted for prospectively during the current year. Further details are set out in Note 15.

Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in estimated useful lives and therefore amortisation expenses and impairment losses in the future years. Details of the other intangible assets are set out in Note 15.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Further details are set out in Notes 16 and 17.

4. Key Sources of Estimation Uncertainty *(Continued)*

Estimated write-down for inventories

The management estimates the net realisable value of inventories based primarily on the latest market prices and current market conditions. The Group carries out an inventory review at the end of the reporting period and determine the amount of write-down on obsolete and slow-moving inventories to their net realisable values. Where the expectation on the net realisable value is lower than the carrying amount, further write-down may arise. The carrying amount of inventories as at 31 March 2013 is HK$52,377,000 (2012: HK$69,608,000).

Estimated impairment of trade receivables and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, an impairment loss may arise. Further details are set out in Note 19.

Provision for income taxes

The Group is subject to income and other forms of taxes in different jurisdictions and significant judgement is required in determining the tax liabilities to be recognised. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for tax based on estimates of the taxes that are likely to become due. The Group believes that its provision for tax is adequate for the reporting periods based on its assessment of many factors including past experience and interpretations of tax law. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

5. Revenue and Segment Information

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised.

The Group's operating and reportable segments under HKFRS 8 are as follows:

- Hygienic Disposables Business – Trading and manufacturing of clinical and household hygienic disposables and trading of related raw materials
- MTBE Business – Agent service and trading of MTBE products
- Household Consumables Business – Trading of household consumables

5. Revenue and Segment Information *(Continued)*

Segment revenues and results

The following is an analysis of the Group's revenue and results from reportable and operating segments.

	Hygienic Disposables Business HK$'000	MTBE Business HK$'000	Household Consumables Business HK$'000	Elimination HK$'000	Total HK$'000
For the year ended 31 March 2013					
Revenue from external customers	380,655	105,149	79,348	–	565,152
Inter-segment sales	1,447	–	–	(1,447)	–
	382,102	105,149	79,348	(1,447)	565,152
Segment profit	34,877	5,546	3,935	(111)	44,247
Bank interest income					145
Exchange differences					(382)
Amortisation of other intangible assets					(2,423)
Central administration costs					(32,467)
Profit before tax					9,120

	Hygienic Disposables Business HK$'000	MTBE Business HK$'000	Household Consumables Business HK$'000	Total HK$'000
For the year ended 31 March 2012				
Revenue from external customers	245,027	807	13,260	259,094
Segment (loss) profit	(6,337)	1,244	432	(4,661)
Bank interest income				1,829
Exchange differences				1,723
Amortisation of other intangible assets				(20,142)
Central administration costs				(15,741)
Loss before tax				(36,992)

The accounting policies of the operating segments are the same as the Group's accounting policies as described in Note 3. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, amortisation of other intangible assets, bank interest income, exchange differences and income tax. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

5. Revenue and Segment Information *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	31 March 2013 HK$'000	31 March 2012 HK$'000
Hygienic Disposables Business	254,088	136,499
MTBE Business	157,467	48,496
Household Consumables Business	42,873	19,770
Total segment assets	454,428	204,765
Goodwill	9,774	9,774
Other intangible assets	20,833	23,197
Pledged bank deposit	7,803	62,286
Bank balances and cash	25,234	128,943
Consolidated assets	518,072	428,965

Segment liabilities

	31 March 2013 HK$'000	31 March 2012 HK$'000
Hygienic Disposables Business	22,807	18,435
MTBE Business	80,274	2,620
Household Consumables Business	7,893	7,217
Total segment liabilities	110,974	28,272
Tax payable	7,114	5,670
Deferred tax liabilities	3,950	4,432
Consolidated liabilities	122,038	38,374

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments other than goodwill, other intangible assets, pledged bank deposit and bank balances and cash.
- All liabilities are allocated to operating segments other than tax payable and deferred tax liabilities.

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For the Year ended 31 March 2013

5. Revenue and Segment Information *(Continued)*

Other segment information

	Hygienic Disposables Business HK$'000	MTBE Business HK$'000	Household Consumables Business HK$'000	Total HK$'000
For the year ended 31 March 2013				
Amounts included in the measure of segment profit or loss or segment assets:				
Capital additions	**5,257**	**–**	**753**	**6,010**
Depreciation of property, plant and equipment and amortisation of prepaid lease payments	**5,661**	**–**	**142**	**5,803**
Gain on disposal of property, plant and equipment	**95**	**–**	**–**	**95**
Impairment loss recognised on trade and other receivables	**980**	**–**	**–**	**980**
Inventories written off	**4,924**	**–**	**–**	**4,924**

	Hygienic Disposables Business HK$'000	MTBE Business HK$'000	Household Consumables Business HK$'000	Total HK$'000
For the year ended 31 March 2012				
Amounts included in the measure of segment profit or loss or segment assets:				
Capital additions	9,272	–	748	10,020
Depreciation of property, plant and equipment and amortisation of prepaid lease payments	11,089	–	23	11,112
Loss on disposal of property, plant and equipment	11	–	–	11
Impairment loss recognised on trade receivables	3,653	–	–	3,653

5. Revenue and Segment Information *(Continued)*

Revenue from major products and services

The following is an analyses of the Group's revenue from its major products and services:

	2013	2012
	HK'000	HK$'000
Sales of goods from		
– Hygienic Disposables Business	**380,655**	245,027
– Household Consumables Business	**79,348**	13,260
Agency fee and trading income from MTBE Business	**105,149**	807
	565,152	259,094

Information about geographical areas

In determining the Group's information about geographical areas, revenue are attributed to the segments based on the locations of the customers.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods.

	Revenue by Geographical market	
	2013	2012
	HK$'000	HK$'000
United Kingdom	**208,836**	151,778
PRC	**165,599**	807
United States of America	**119,066**	16,808
Norway	**69,620**	79,998
Sweden	**1,321**	889
Italy	**420**	365
Ireland	**290**	4,287
France	**–**	3,381
Germany	**–**	781
	565,152	259,094

As at 31 March 2013, approximately HK$29,164,000, HK$20,073,000, HK$14,645,000 and HK$712,000 of the non-current assets are located in the PRC, United Kingdom, Hong Kong and Macau respectively.

As at 31 March 2012, approximately HK$33,175,000, HK$20,399,000, HK$13,317,000 and HK$833,000 of the non-current assets are located in the PRC, United Kingdom, Hong Kong and Macau respectively.

5. Revenue and Segment Information *(Continued)*

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2013 HK$'000	2012 HK$'000
Customer A[1]	103,884	807[3]
Customer B[2]	74,144	71,687
Customer C[2]	69,620	79,998
Customer D[2]	60,450	–
Customer E[2]	60,260	–
Customer F[2]	58,806	16,808[3]
Customer G[2]	51,530[3]	57,510

1 Revenue is from MTBE Business.

2 Revenue is from Hygienic Disposables Business.

3 Revenue from this customer represented less than 10% of the total sales of the Group for the respective year. The amount is for comparative purpose only.

6. Other Income

	2013 HK$'000	2012 HK$'000
Bank interest income	145	1,829
Service income	10,621	807
Other interest income	2,527	–
Patent income#	25,350	–
Sundry	18	–
	38,661	2,636

The patent income comprises the amounts received from the third parties for their uses of the patents registered by the Group.

7. Other Gains and Losses

	2013 HK$'000	2012 HK$'000
Exchange differences	(382)	1,723
Gain (loss) on disposal of property, plant and equipment	95	(11)
Impairment loss recognised on trade and other receivables	(980)	(3,653)
Gain on disposal of financial assets	733	–
	(534)	(1,941)

8. Income Tax Expense (Credit)

	2013 **HK$'000**	2012 HK$'000
Current tax:		
Hong Kong profits tax	**876**	204
PRC Enterprise Income Tax ("PRC EIT")	**875**	1,373
Other jurisdiction	**1,062**	–
	2,813	1,577
Over-provision in respect of prior years:		
PRC EIT	**–**	(125)
Deferred taxation (Note 23)		
– Current year	**(444)**	(3,339)
– Attributable to change in tax rate	**(51)**	–
	(495)	(3,339)
	2,318	(1,887)

(i) Hong Kong

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both years.

In prior years, the Hong Kong Inland Revenue Department (the "HKIRD") issued to wholly-owned subsidiaries incorporated in Macau and Hong Kong (the "Subsidiaries") profits tax assessments of HK$5,600,000 and HK$875,000, respectively, relating to the year of assessment 2004/05, that is, for the financial year ended 31 March 2005. The Group lodged the relevant objection with the HKIRD against the assessment in June 2011.

In prior years, the HKIRD issued two enquiry letters to the Subsidiaries in respect of the year of assessment 2004/05.

In prior years, the HKIRD issued to the Subsidiaries profits tax assessment of HK$5,250,000 and HK$2,275,000, relating to the year of assessment 2005/06, that is, for the financial year ended 31 March 2006. The Group lodged the relevant objection with the HKIRD against the assessment in January 2012.

In January 2013, the HKIRD issued to the Subsidiaries profits tax assessment of HK$4,340,000 and HK$2,100,000, relating to the year of assessment 2006/07, that is, for the financial year ended 31 March 2007. The Group lodged the relevant objection with the HKIRD against the assessment as of the date these consolidated financial statements were authorised for issuance.

In March 2013, the HKIRD issued another letter to one of the Subsidiaries requesting its books and records. The Group is in the process of gathering the information requested by the HKIRD.

As of 31 March 2013, the Group has purchased tax reserve certificates in the amounts of HK$438,000 and HK$761,000 for the years of assessment 2004/05 and 2005/06 respectively, which have been accounted for as tax recoverable included in trade and other receivables and prepayments of the Group as at 31 March 2013. Subsequent to the end of the reporting period, the Group has purchased tax reserve certificates in the amount of HK$875,000 for the year of assessment 2006/07.

8. Income Tax Expense (Credit) *(Continued)*

(i) Hong Kong *(Continued)*

The Subsidiaries have not received any further queries from the HKIRD apart from the aforesaid assessments up to the date these consolidated financial statements were authorised for issuance. In the opinion of the directors of the Company, no profits tax should be payable by the Subsidiaries for those years of assessment since the Subsidiaries either did not carry on any business in Hong Kong or did not arrive at any assessable profits for the years of assessment 2004/05, 2005/06 and 2006/07 and should not be subject to Hong Kong profits tax. Hence, no provision for Hong Kong profits tax in respect of the assessments is considered necessary.

(ii) PRC EIT

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the PRC entities is 25% from 1 January 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, Huizhou Junyang Plastic Co., Ltd. ("Huizhou Junyang") was entitled to exemption from the PRC EIT from its first two profit-making years of operation and thereafter, it is entitled to a 50% relief from the PRC EIT for the following three years. The first profit-making year of Huizhou Junyang started from the fiscal year ended 31 December 2007. Accordingly, Huizhou Junyang was entitled to a relief from PRC EIT by a 50% reduction from the fiscal years ended 31 December 2009 to 2011 with effective tax rate of 12.5%. Starting from fiscal year ended 31 December 2012, the PRC EIT rate was 25%.

(iii) Macau

As stated in the Decree Law No. 58/59/M, Chapter 2, Article 12, dated 18 October 1999 of Macau, Two-Two-Free is exempted from Macao Complementary Tax.

(iv) Other jurisdiction

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

The income tax for the year can be reconciled to the profit (loss) before tax per the consolidated statement of comprehensive income as follows:

	2013	2012
	HK$'000	HK$'000
Profit (loss) before tax	**9,120**	(36,992)
Tax at PRC EIT at 25%	**2,280**	(9,248)
Tax effect of expenses not deductible for tax purpose	**2,514**	5,194
Tax effect of income not taxable for tax purpose	**(139)**	(203)
Tax effect of tax losses not recognised	**7,126**	–
Over-provision in respect of prior years	**–**	(125)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(9,412)**	2,495
Effect on opening deferred tax balance resulting from a change in applicable tax rate	**(51)**	–
Income tax expense (credit) for the year	**2,318**	(1,887)

8. Income Tax Expense (Credit) *(Continued)*

Under the EIT Law in PRC, starting from 1 January 2008, 10% withholding income tax is imposed on dividends declared in respect of profits earned from 1 January 2008 onwards to non-PRC tax resident investors for the companies established in the PRC. For qualified investors incorporated in Hong Kong, a treaty rate of 5% will be applicable. The PRC subsidiaries of the Group had no undistributed earnings at the end of the reporting periods.

Save as the Group's unrecognised tax losses as set out in Note 23, there was no other significant unprovided deferred taxation for both years on or at the end of respective reporting periods.

9. Profit (Loss) for the Year

	2013 **HK$'000**	2012 HK$'000
It has been arrived at after charging:		
Auditors' remuneration	**1,433**	2,000
Directors' remuneration (Note 10)	**8,713**	4,620
Other staff costs	**20,288**	14,481
Retirement benefit scheme contributions	**717**	686
Total staff costs	**29,718**	19,787
Cost of inventories sold	**522,744**	230,362
Inventories written off	**4,924**	–
Depreciation of property, plant and equipment	**5,592**	10,861
Amortisation of other intangible assets (included in cost of sales)	**2,423**	20,142
Amortisation of prepaid lease payments	**211**	251
Legal and professional fees for acquisition (included in other expenses)	**1,696**	3,963

The consolidated profit for the year attributable to owners of the Company for the year ended 31 March 2013 includes a loss of approximately HK$28,740,000 (2012: approximately HK$8,844,000) which has been dealt with in the financial statements of the Company.

10. Directors' and Employees' Emoluments

Directors

Details of the emoluments paid to the directors of the Company for the years are as follows:

Year ended 31 March 2013

	Fees HK$'000	Salaries and other allowances HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
Executive directors:				
Mr. Chum Tung Hang	–	150	–	150
Ms. Lei Sao Cheng	–	150	–	150
Mr. Chum Hon Sing	–	1,200	–	1,200
Mr. Wong Wai Sing *(Chief executive officer)*	1,300	656	15	1,971
Mr. Lee Chi Shing, Caesar	120	–	6	126
Mr. Tsang Ho Ka, Eugene	193	2,217	15	2,425
Ms. Sung Ting Yee	193	1,008	14	1,215
Ms. Yick Mi Ching, Dawnbilly	173	880	12	1,065
Independent non-executive directors:				
Mr. Lee Thomas Tuan-Tong	15	–	–	15
Mr. Chow-Tsu Yin	15	–	–	15
Mr. Chan Bing Chung	15	–	–	15
Mr. Kwok Kam Tim	122	–	–	122
Mr. Kinley Lincoln James Lloyd	122	–	–	122
Dr. Hui Chik Kwan	122	–	–	122
	2,390	6,261	62	8,713

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10. Directors' and Employees' Emoluments *(Continued)*

Year ended 31 March 2012

	Fees	Salaries and other allowances	Contributions to retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:				
Mr. Chum Tung Hang	–	1,200	–	1,200
Ms. Lei Sao Cheng	–	1,200	–	1,200
Mr. Chum Hon Sing	–	1,200	–	1,200
Mr. Wong Wai Sing	–	600	–	600
Mr. Lee Chi Shing, Caesar	–	60	–	60
Mr. Tsang Ho Ka, Eugene	–	–	–	–
Ms. Sung Ting Yee	–	–	–	–
Ms. Yick Mi Ching, Dawnbilly	–	–	–	–
Independent non-executive directors:				
Mr. Lee Thomas Tuan-Tong	120	–	–	120
Mr. Chow-Tsu Yin	120	–	–	120
Mr. Chan Bing Chung	120	–	–	120
Mr. Kwok Kam Tim	–	–	–	–
Mr. Kinley Lincoln James Lloyd	–	–	–	–
Dr. Hui Chik Kwan	–	–	–	–
	360	4,260	–	4,620

10. Directors' and Employees' Emoluments *(Continued)*

Employees

Of the five individuals with the highest emoluments in the Group, three (2012: three) were directors of the Company. The emoluments of the remaining two (2012: two) non-director individuals were as follows:

	2013 HK$'000	2012 HK$'000
Salaries and other allowances	**3,293**	3,215
Retirement benefit scheme contributions	**15**	–
	3,308	3,215

The emoluments of each of the above non-director employees were within the following bands:

	2013 Number of employees	2012 Number of employees
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	1
	2	2

During the year ended 31 March 2012, the retirement benefit scheme contribution cost for each of the directors or the five highest paid individuals is less than HK$1,000. In addition, during both years no emolument was paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emolument during both years.

The emoluments paid or payable to members of senior management were within the following bands:

	2013 Number of individuals	2012 Number of individuals
HK$Nil to HK$1,000,000	**2**	4
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**1**	1

11. Dividends

No dividend was proposed during the years ended 31 March 2013 and 2012.

12. Earnings (Loss) Per Share

The calculation of the basic earnings (loss) per share attributable to the owners of the Company for the years are based on the following data:

	2013	2012
	HK$'000	HK$'000
Profit (loss) for the year attributable to owners of the Company	**6,619**	(33,541)
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**666,666,000**	666,666,000

Basic and diluted earnings (loss) per share are the same for both years as there was no potential ordinary share in issue.

13. Property, Plant and Equipment

The Group	Buildings	Plant and machinery	Motor vehicles	Leasehold improvement	Furniture, fixtures, and equipment	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST						
At 1 April 2011	34,006	40,186	1,441	2,507	1,788	79,928
Acquisition of subsidiaries	–	232	148	271	19	670
Additions	3,750	348	405	1,030	67	5,600
Disposal	(3,750)	–	(230)	–	(15)	(3,995)
Exchange realignment	1,291	1,557	54	118	60	3,080
At 31 March 2012	35,297	42,323	1,818	3,926	1,919	85,283
Additions	–	244	1,456	3,772	538	6,010
Disposal	–	–	(1,655)	–	(108)	(1,763)
Exchange realignment	43	54	3	6	2	108
At 31 March 2013	35,340	42,621	1,622	7,704	2,351	89,638
DEPRECIATION						
At 1 April 2011	14,209	26,220	983	1,775	1,429	44,616
Provided for the year	6,429	3,737	199	431	65	10,861
Elimination on disposal	(32)	–	(230)	–	(15)	(277)
Exchange realignment	625	1,059	34	74	48	1,840
At 31 March 2012	21,231	31,016	986	2,280	1,527	57,040
Provided for the year	961	3,137	325	1,050	119	5,592
Elimination on disposal	–	–	(646)	–	(108)	(754)
Exchange realignment	28	46	–	4	2	80
At 31 March 2013	22,220	34,199	665	3,334	1,540	61,958
CARRYING VALUES						
At 31 March 2013	13,120	8,422	957	4,370	811	27,680
At 31 March 2012	14,066	11,307	832	1,646	392	28,243

13. Property, Plant and Equipment *(Continued)*

The Company	Leasehold improvement HK$'000	Furniture, fixtures, and equipment HK$'000	Total HK$'000
COST			
At 1 April 2011 and 31 March 2012	–	–	–
Additions	2,697	464	3,161
At 31 March 2013	2,697	464	3,161
DEPRECIATION			
At 1 April 2011 and 31 March 2012	–	–	–
Provided for the year	360	51	411
At 31 March 2013	360	51	411
CARRYING VALUES			
At 31 March 2013	2,337	413	2,750
At 31 March 2012	–	–	–

The above items of property, plant and equipment are depreciated over their estimated useful lives on a straight-line basis at the following rates per annum:

Buildings	Over the term of the leases, or 20 years whichever is the shorter
Plant and machinery	10%
Motor vehicles	20%
Leasehold improvement	10% or over the term of the relevant lease, whichever is shorter
Furniture, fixtures and equipment	20%

The Group's buildings are located outside Hong Kong.

The Group has pledged certain buildings to secure general banking facilities granted to the Group. Further details are set out in Note 29.

14. Prepaid Lease Payments

	2013 HK$'000	2012 HK$'000
Analysed for reporting purposes as:		
Current assets	**212**	211
Non-current assets	**6,307**	6,510
	6,519	6,721

The Group's prepaid lease payments comprised leasehold land under medium-term leases located outside Hong Kong.

Prepaid lease payments are amortised over the term of the rights on a straight-line basis of 25 to 50 years for both years.

The Group has pledged certain prepaid lease payments on land use rights to secure general banking facilities granted to the Group. Further details are set out in Note 29.

15. Other Intangible Assets

	Sales contract HK$'000	Customer network HK$'000	Total HK$'000
COST			
At 1 April 2011	–	–	–
Acquisition of subsidiaries	33,292	9,765	43,057
Exchange realignment	–	283	283
At 31 March 2012	33,292	10,048	43,340
Exchange realignment	–	71	71
At 31 March 2013	33,292	10,119	43,411
AMORTISATION			
At 1 April 2011	–	–	–
Charge for the year	19,975	167	20,142
Exchange realignment	–	1	1
At 31 March 2012	19,975	168	20,143
Charge for the year	1,422	1,001	2,423
Exchange realignment	–	12	12
At 31 March 2013	21,397	1,181	22,578
CARRYING VALUES			
At 31 March 2013	11,895	8,938	20,833
At 31 March 2012	13,317	9,880	23,197

15. Other Intangible Assets *(Continued)*

The sales contract represents a legally binding sales contract of MTBE products entered into between the Group and a customer, which was acquired as part of the Group's acquisition of Sino-Singapore (Offshore) Chemical Resources Trading Company Limited and its subsidiaries (collectively the "Sino-Singapore Group") in prior year. Further details are set out in Note 34.

The customer network represents a long and close business relationship with customers of S&J Distribution Limited ("S&J"), which was acquired as part of the Group's acquisition of S&J in prior year. Further details are set out in Note 34.

In prior to the re-assessment of useful life of the sales contract during the year, the sales contract is amortised on a straight-line basis over the remaining term of the sales contract. During the current year, the Group re-assessed the useful life of the sales contract with the then carrying value of approximately HK$11,895,000 such that its useful life is changed from a finite life to an indefinite life, because the Group after the re-assessment considers that the sales contract is renewable automatically and unconditionally at no additional cost and that the business relationship with the customer becomes probable to continue indefinitely in the foreseeable future. The change in accounting estimate has been accounted for prospectively during the current year.

The amortisation of sales contract amounted to HK$1,422,000 during the year ended 31 March 2013. Had there been no change of useful life of this intangible asset, amortisation charged to profit or loss would have been HK$7,610,000 for the year.

The customer network is amortised on a straight-line basis over 10 years.

16. Goodwill

	2013 **HK$'000**	2012 HK$'000
COST AND CARRYING VALUE		
At beginning of year	**9,774**	–
Acquisition of a subsidiary	**–**	9,774
At end of year	**9,774**	9,774

Particulars regarding impairment testing on goodwill are set out in Note 17.

17. Impairment Testing on Goodwill and Other Intangible Assets

For the purpose of impairment testing, goodwill and other intangible assets set out in Notes 15 and 16 respectively have been allocated to two individual cash-generating units ("CGUs"), comprising a subsidiary in Household Consumables Business and a subsidiary in MTBE Business. The carrying amount of goodwill and other intangible assets as at 31 March 2013 allocated to these units are as follows:

	Goodwill		Customer network with finite useful life		Sales contract with indefinite useful life	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Household Consumables Business (Unit A)	**9,774**	9,774	**8,938**	9,880	**–**	–
MTBE Business (Unit B)	**–**	–	**–**	–	**11,895**	13,317
	9,774	9,774	**8,938**	9,880	**11,895**	13,317

During the year ended 31 March 2013, the Group determines that there is no impairment of any of its CGUs containing goodwill or other intangible assets.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Unit A

The recoverable amount of this unit has been determined based on a fair-value-less-costs-to-sell calculation. That calculation covered a period of 10 years. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate of 3%. The rate used to discount the forecast cash flows is 17.94%. We believe that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the Household Consumables Business exceed the aggregate recoverable amount of such business.

Unit B

The recoverable amount of this unit has been determined based on value in use calculation. That calculation covered a period of 15 years. The calculation uses cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using an estimated growth rate of 3%. The rate used to discount the forecast cash flows is 17.16%. We believe that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the MTBE Business exceed the aggregate recoverable amount of such business.

18. Inventories

	2013	2012
	HK$'000	HK$'000
At cost:		
Raw materials	**35,299**	44,037
Work-in-progress	**2,026**	5,248
Finished goods	**15,052**	20,323
	52,377	69,608

19. Trade and Other Receivables and Prepayments

	The Group	
	2013	2012
	HK$'000	HK$'000
Trade receivables	**245,975**	55,661
Less: impairment loss recognised	**(182)**	(3,653)
	245,793	52,008
Bills receivables	**11,914**	19,385
Prepayments and deposits (Note 1)	**82,780**	23,784
Other receivables (Note 2)	**27,287**	4,938
Amount due from a non-controlling owner of a subsidiary (Note 3)	**78**	78
	367,852	100,193

Notes:

1. The balances as at 31 March 2013 mainly consist of (i) a refundable supplier deposit which amounted to approximately HK$21,350,000 paid to an independent supplier of the MTBE Business, details of which are set out in the announcements of the Company dated 15 November 2011 and 6 December 2011. This deposit is refundable upon the Group's request or in the event the supplier arrangement is terminated. Such amount is guaranteed by a customer of MTBE Business, which is a state-owned enterprise in the PRC; (ii) a prepayment to an independent supplier which amounted to approximately HK$39,410,000 for the acquisition of major raw materials used by the Group for the production of the existing Hygienic Disposables Business; and (iii) other sundry prepayments.

2. Included in other receivables consists of an unlisted debenture to an independent third party amounting to approximately HK$7,477,000 (2012: HK$Nil). The debenture was interest-bearing at 12% per annum, secured by assets of the borrower and repayable on demand.

3. The amount due from a non-controlling owner of a subsidiary is unsecured, interest-free and repayable on demand.

The Group generally allows an average credit period of 30 to 90 days to its trade customers. The aged analysis of the Group's trade receivables (net of allowance for doubtful debts) and bills receivables based on the invoice date at the end of the reporting period is as follows:

	2013	2012
	HK$'000	HK$'000
Trade and bills receivables:		
0–30 days	**21,188**	50,592
31–60 days	**57,873**	18,133
61–90 days	**20,834**	1,560
Over 90 days	**157,812**	1,108
	257,707	71,393

All bills receivables of the Group were aged within 90 days at the end of the reporting period.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits based on historical credit records of these customers.

19. Trade and Other Receivables and Prepayments *(Continued)*

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK$157,812,000 (2012: HK$1,108,000) which are past due as at the reporting date for which the Group has not provided for impairment loss because the Group believes that the amounts are still recoverable as there has not been a significant deterioration in credit quality of these customers and there are continuing subsequent settlements. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired, is as follows:

	2013 HK$'000	2012 HK$'000
Over 90 days	**157,812**	1,108

The movement of allowance for doubtful debts in respect of trade receivables were as follows:

	2013 HK$'000	2012 HK$'000
At 1 April	**3,653**	–
Impairment loss during the year	**182**	3,653
Bad debts written off	**(3,653)**	–
At 31 March	**182**	3,653

Trade receivable that were neither past due nor impaired related to customers for whom there was no recent history of default.

Included in the impairment loss of trade receivables as at 31 March 2013 were individually impaired trade receivables due from a single customer with an aggregate balance of HK$182,000 (2012: HK$3,653,000). The balance was long outstanding and the management of the Group considered the balance was not recoverable. The Group did not hold any collateral over those balances.

The above trade and other receivables are denominated in the functional currencies of the relevant group entities.

20. Pledged Bank Deposit and Bank Balances and Cash

The pledged bank deposit is used to secure the credit facility granted from a financial institution. Further details are set out in Note 29. Bank balances and cash comprise cash held by the Group with the original maturity of three months or less.

The pledged bank deposit and bank balances carry interests at market rate range as follows:

	2013	2012
Pledged bank deposit	**0.13%**	1.1%
Bank balances	**0.01% to 0.5%**	0.01% to 0.6%

20. Pledged Bank Deposit and Bank Balances and Cash *(Continued)*

Pledged bank deposit and bank balances cash and that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	The Group			The Company
	Renminbi ("RMB")	HKD	Macau Pataca ("MOP")	RMB
	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2013				
Bank balances and cash	–	6,057	395	–
As at 31 March 2012				
Pledged bank deposit	62,286	–	–	62,286
Bank balances and cash	–	78,418	1,104	–

21. Trade and Other Payables and Accruals

	2013	2012
	HK$'000	HK$'000
Trade payables	**95,780**	20,660
Other payables and accruals	**4,413**	5,362
Deferred service income	**–**	2,250
Amount due to a non-controlling owner of a subsidiary	**419**	–
Amount due to a related party	**1,199**	–
	101,811	28,272

The amounts due to a non-controlling owner of a subsidiary and a related party are unsecured, interest-free and repayable on demand.

The aged analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	2013	2012
	HK$'000	HK$'000
0–30 days	**13,994**	17,205
31–60 days	**36,298**	3,316
61–90 days	**22,147**	130
Over 90 days	**23,341**	9
	95,780	20,660

The above trade and other payables of the Group are denominated in the functional currencies of the relevant group entities.

22. Trust Receipt loan

The trust receipt loan was denominated in USD, and secured by a pledged bank deposit, corporate guarantee in the amount of USD3,500,000 executed by the Company, and legally notarised livranca (i.e. promissory note) in the amount of USD3,500,000 executed by a subsidiary of the Company. It was repayable within 3 months and interest-bearing at London Interbank Money Market Offered Rate plus 1.9% per annum.

23. Deferred Tax Liabilities

The following is the deferred tax liabilities recognised and movements thereon during the current year:

	Fair value adjustment on other intangible assets HK$'000
At 1 April 2011	–
Acquisition of subsidiaries	7,707
Credit to profit or loss	(3,339)
Exchange realignment	64
At 31 March 2012	4,432
Credit to profit or loss	(444)
Exchange realignment	13
Effect in change in tax rate	(51)
At 31 March 2013	3,950

As at 31 March 2013, the Group had unused tax losses of approximately HK$38,997,000 (2012: HK$157,000) which are available to set off against future profits. No deferred tax asset has been recognised in respect of these unused tax losses due to the unpredictability of future profit streams.

24. Share Capital

The Group and the Company	**Number of shares**	**Nominal value** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2011, 31 March 2012 and 31 March 2013	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2011, 31 March 2012 and 31 March 2013	666,666,000	6,667

25. Reserves of The Company

	Share premium	Contributed surplus	(Accumulated losses)/ retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2011	288,369	654	34,050	323,073
Loss and total comprehensive income for the year	–	–	(8,844)	(8,844)
Dividend recognised as distribution	–	–	(20,000)	(20,000)
At 31 March 2012	288,369	654	5,206	294,229
Loss and total comprehensive income for the year	–	–	(39,377)	(39,377)
At 31 March 2013	288,369	654	(34,171)	254,852

26. Interests in Subsidiaries And Amounts With Subsidiaries

	2013	2012
	HK$000	HK$000
Unlisted shares at cost	**1,054**	1,054
Amounts due from subsidiaries	**267,636**	218,432
Impairment	**(10,637)**	–
	258,053	219,486

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, the amounts due from subsidiaries in substance represent the Company's interests in the subsidiaries in the form of quasi-equity loans and therefore they are included under the non-current assets of the Company.

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

An accumulated allowance for amount due from a subsidiary of HK$10,637,000 (2012: HK$Nil) was recognised as at 31 March 2013 because the related recoverable amount of the amount due from the subsidiary with reference to the value of the respective subsidiary was estimated to be less than its carrying amount. Accordingly, the carrying amount of the related amount due is reduced to its recoverable amounts as at 31 March 2013.

26. Interests in Subsidiaries And Amounts With Subsidiaries *(Continued)*

Particulars of the subsidiaries as at 31 March 2013 and 2012 are set out below:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest held by the Group as at 31 March		Principal activities
			2013	2012	
			%	%	
Greenstar Enviro-Tech Investments Company Limited*	British Virgin Islands ("BVI") 12 January 2010	USD40,000	**100**	100	Investment holding
Two-Two-Free	Macau 5 February 2004	MOP$100,000	**100**	100	Trading of hygienic disposable products
Ramber Industrial Limited	Hong Kong 16 June 1989	HK$2	**100**	100	Investment holding
Tary Limited	Hong Kong 14 March 1986	HK$1,000,000	**100**	100	Investment holding
Nupoly Medical Supply Development Co. Limited	Hong Kong 25 March 2010	HK$1	**100**	100	Investment holding
惠州市駿洋塑膠有限公司 Huizhou Junyang**	The PRC 24 October 2000	USD5,000,000	**100**	100	Manufacturing of hygienic disposables products
北京覃寶康醫療發展科技有限公司 Beijing Chum Baokang Medical Technological Development Company Limited**	The PRC 16 September 2011	HK$17,200,000	**100**	100	Inactive
Sino-Singapore (Offshore) Chemical Resources Trading Company Limited	BVI 23 May 2011	USD1	**100**	100	Investment holding
China Petro-chemical Resources Trading Company Limited ("China Petro")	Hong Kong 28 April 2011	HK$1,000,000	**90**	90	Agent/trading of MTBE products
S&J	United Kingdom 19 January 2006	GBP100	**100**	100	Wholesale and retail of household consumables

26. Interests in Subsidiaries And Amounts With Subsidiaries *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest held by the Group as at 31 March 2013 %	2012 %	Principal activities
Bright Rising Holdings Limited*	BVI 3 May 2012	USD1	**100**	–	Investment holding
Bright Rising Enterprise Limited	Hong Kong 15 May 2012	HK$10,000	**100**	–	Provision of management services
Star Fantasy International Limited*	BVI 2 January 2013	USD1	**100**	–	Investment holding
Think Medical Science (HK) Company Limited	Hong Kong 6 January 2012	HK$1,000	**70**	70	Investment holding

* The subsidiary is directly owned by the Company.

** English translated name is for identification purpose only.

None of the subsidiaries had any debt security outstanding at the end of the reporting period or at any time during the year.

27. Retirement Benefit Plans

The Group operated a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme were held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees were each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect of MPF Scheme was to make the required contributions under the scheme. No forfeited contribution was available to reduce the contribution payable in the future years.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiary is required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

The Group operates a defined contribution retirement benefit plan for all qualifying employees in Macau operated by the Macau government.

28. Share-Based Payment Transactions

On 17 December 2010, the Company adopted a share option scheme (the "Scheme") for the purpose of providing incentives or rewards to eligible participants who contribute to the success of the Group's operations.

Purpose

Provide incentives and rewards to eligible participants.

Participants

Eligible participants include:

(a) Any employee or proposed employee (whether full-time or part-time and including any executive director), consultants or advisers of or to the Company, any of the subsidiaries or any entity ("Invested Entity") in which the Company holds an equity interest;

(b) Any non-executive director (including independent non-executive director) of the Company; any of the subsidiaries of any Invested Entity;

(c) Any supplier of goods or services to the Company or any of the subsidiaries or any Invested Entity;

(d) Any customer of the Company or any Invested Entity;

(e) Any person or entity that provides research, development or other technological support to the Company or any Invested Entity;

(f) Any shareholder of the Company or any of the subsidiaries or any Invested Entity or any holder of any security issued by the Company or any of the subsidiaries or any Invested Entities; and

(g) Any company wholly-owned by one or more persons belonging to any of the above classes of participants from (a) to (f) above.

28. Share-Based Payment Transactions *(Continued)*

Maximum number of shares

The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital from time to time.

The total number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme to be granted under the Scheme and any other share option schemes of the Company) must not in aggregate exceed 66,666,600 shares, being 10% of the total number of shares in issue at the time dealings in the shares of the Company first commenced, on the Stock Exchange (excluding the shares which may be issued pursuant to the exercise of the over-allotment option).

The number of shares issued and to be issued in respect of which options granted and may be granted to any individual on any one year 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 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.

Minimum period for which an option must be held before it can be exercised

Options may be exercised at any time from the minimum period for which an option must be held before it can be exercised determined by the board of directors of the Company commencing from the date of grant of the share option to the 10th anniversary of the date of grant.

Time of exercise of option

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option.

Amount payable on acceptance

HK$1.00

28. Share-Based Payment Transactions *(Continued)*

Basis of determining exercise price

Determined by the directors of the Company at their discretion and shall not be less than the highest of:

(a) The nominal value of an ordinary share of the Company;

(b) The average closing price of the ordinary share of the Company as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant of the option; and

(c) The closing price of the ordinary shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option (which must be a business day).

During the years ended 31 March 2013 and 2012, no option was granted, exercised or lapsed under the Scheme.

29. Pledge of Assets

Save for those disclosed elsewhere in these financial statements including Note 22, details of pledge of assets of the Group are disclosed below. At the end of the reporting period, the Group's credit facilities from financial institutions were secured by the following:

	2013 **HK$'000**	2012 HK$'000
Property, plant and equipment	**10,143**	9,094
Prepaid lease payments	**4,056**	4,217
Pledged bank deposit	**7,803**	62,286
	22,002	75,597

The Group's credit facilities from financial institutions were also secured by corporate guarantee executed by the Company in the amount of HK$39,000,000.

30. Commitments

(a) Capital Commitments

The Group has the following capital commitments at the end of the reporting period:

	At 31 March **2013** **HK$'000**	At 31 March 2012 HK$'000
Contracted but not provided for in the consolidated financial statements for acquisition of subsidiaries	**42,590**	–

30. Commitments *(Continued)*

(b) Operating lease commitments

The Group as lessee:

The Group made minimum lease payments of approximately HK$2,096,000 (2012: HK$Nil) under operating leases in respect of office premises, director's quarter and car-parking space during the year.

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

	The Group		The Company	
	At 31 March 2013 HK$'000	At 31 March 2012 HK$'000	**At 31 March 2013 HK$'000**	At 31 March 2012 HK$'000
Within one year	**4,975**	–	**3,801**	–
In the second to fifth years inclusive	**3,122**	–	**2,926**	–
	8,097	–	**6,727**	–

31. Related Party Disclosures

Save for those disclosed elsewhere in these financial statements, details of transactions between the Group and other related parties are disclosed below.

(I) Related party transactions

During the year, the Group entered into following transactions with related parties:

Name of related party	Nature of transaction	2013 HK$'000	2012 HK$'000
Mr. Woo Man Wai, David ("Mr. Woo") (Note (a))	Management fee	**2,248**	323
Mr. Ng Kwai Wah, Sunny ("Mr. Ng") (Note (b))	Consultancy fee	**1,500**	–

Notes: (a) The management fee paid to a company in which Mr. Woo, a director and a non-controlling owner of one of the Company's subsidiaries, is also the director and shareholder of that company.

(b) The consultancy fee is paid to Mr. Ng, the Chief Investment officer of the Company.

(II) Compensation of key management personnel

The remuneration of directors and other members of key management during the year ended 31 March 2013 was as follows:

	2013 HK$'000	2012 HK$'000
Fees, salaries and other allowances	**10,651**	6,620
Retirement benefit scheme contributions	**77**	–
	10,728	6,620

32. Capital Risk Management

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

The capital structure of the Group consists equity attributable to the owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management considers the cost and the risks associated with each class of the capital. Based on recommendations of the management, the Group and the Company will balance the overall capital structure through the payment of dividends and raising of new capital as well as the issue of debt.

33. Financial Instruments

(a) Categories of financial instruments

	2013	2012
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents), measured at amortised cost	**390,449**	286,291
Financial liabilities		
Financial liabilities, measured at amortised cost	**107,086**	21,968

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposit, bank balances and cash, trade and other payables and trust receipt loan. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include market risk, credit risk and liquidity risk and the policies on how to mitigate these risks are set out below.

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

(i) Currency risk

Certain sales transactions of the Group are denominated in foreign currencies, which exposes the Group to foreign currency risk. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Certain of pledged bank deposit and bank balances and cash are denominated in foreign currencies at the end of the reporting period. The exposure in exchange rate risks mainly arises from fluctuations of RMB, HKD and MOP.

33. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Sensitivity analysis

Since USD is pegged with HKD, the relevant foreign currency risk is minimal. Accordingly, their fluctuation is excluded from the sensitivity analysis. The following table details the Group's sensitivity to USD against the relevant foreign currencies. 5% (2012: 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. The sensitivity analysis adjusts its translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in loss/decrease in profit for the year where USD strengthens 5% (2012: 5%) against the relevant currencies.

	2013	2012
	HK$'000	HK$'000
USD against RMB	**–**	2,336
USD against MOP	**20**	55

For a 5% (2012: 5%) weakening of USD against the relevant currency, there would be an equal and opposite impact on the profit or loss and the balances below would be space. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the closing exposure does not reflect the exposure during the year.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and trust receipt loan due to the fluctuation of the prevailing market interest rate. The directors of the Company consider the Group's exposure of the bank balances to cash flow interest rate risk is not significant as the interest rate fluctuation on bank balances is minimal. The Group incurs interest expenses principally from its trust receipt loan with floating interest rate. The Group currently does not have any interest rate hedging policy in relation to interest rate risks. The directors of the Company monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

At 31 March 2013, it is estimated that had a general interest/decrease of 2% in interest rate, with all other variable held contant, would decrease/interest the Group's profit for the year by HK$46,000. (2012: HK$Nil).

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

33. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Pledged bank deposit and bank balances are placed in various authorised financial institutions and the directors of the Company consider the credit risk of such authorised financial institutions is low.

The Group has concentration of credit risk on top five trade receivables which accounted for 90.6% and 87.3% of the Group's total trade receivables as at 31 March 2013 and 31 March 2012, respectively. These top five trade receivables include a state-owned enterprise in the PRC and reputable household and clinical plastic products companies with good past credit records with the Group. In order to minimise the credit risk, the management has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In addition, the management aims at broadening the customer base by developing the PRC markets for degradable hygienic disposables and medical products. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In addition, the Group is exposed to concentration of credit risk on a refundable deposit paid to a supplier of approximately HK$21,350,000 and prepayment to a supplier for the acquisition of major raw materials of approximately HK$39,410,000. Since the whole amount of refundable deposit is guaranteed by a customer of MTBE business, which is a state-owned enterprise in the PRC and the major raw materials are used for the production of the existing Hygienic Disposables Business, the directors of the Company believe that the Group's exposure is significantly reduced.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the aged repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

33. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity and interest risk table

	Weighted average of contractual interest rate	**Less than 90 days or on demand**	**Total undiscounted cash flows**	**Carrying amount**
	%	**HK$'000**	**HK$'000**	**HK$'000**
As at 31 March 2013				
Trade and other payables	**–**	**97,923**	**97,923**	**97,923**
Trust receipt loan	**2.2**	**9,204**	**9,204**	**9,163**

	Weighted average of contractual interest rate	Less than 90 days or on demand	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000
As at 31 March 2012				
Trade and other payables	–	21,968	21,968	21,968

(c) Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

34. Acquisitions of Subsidiaries

On 6 December 2011, the Group completed the acquisition of the entire equity interests of the entities within the Sino-Singapore Group from an independent third party for a cash consideration of HK$25,000,000. The Sino-Singapore Group was acting as the sourcing agent of MTBE products, which is a chemical compound used for gasoline blending, for a PRC company. The subsidiary was acquired so as to diversify the business in order to maximise the return of the Group.

In addition, as part of the acquisition, for the period from 1 January 2012 to 31 December 2012, if the net profit after tax before any extraordinary or exceptional items and before all non-cash items (as defined in the HKFRS) is less than HK$2,700,000 (the "Profit Target"), the vendor will compensate the Group for the shortfall.

34. Acquisitions of Subsidiaries *(Continued)*

In the opinion of the directors of the Company, the estimated fair value of the contingent consideration receivable is not significant at the date of acquisition and 31 March 2012. During the year, the Profit Target has been confirmed to be met, details of which are set out in the Company's announcement dated 14 January 2013.

On 20 January 2012, the Group completed the acquisition of the entire equity interest of S&J from an independent third party for a cash consideration of approximately HK$23,486,000. S&J is engaged in wholesaling and retailing of household consumables in the United Kingdom. The subsidiary was acquired so as to broaden the distribution channels and implement the Group's marketing and promotional strategies in Europe and providing an opportunity for the Group to diversify its business.

In addition, the Group entered into an agreement with the vendor of S&J to lease the premises ("Premises") which are currently occupied by S&J as warehouse and office to S&J for a term of four years from 20 January 2012, of which the first two years are non-cancellable lease at a nominal fee. The rent for the remaining lease term would be the greater of either £75,000 per annum (equivalent to approximately HK$900,000) or the market rent of the Premises on the second anniversary from 20 January 2012. In addition, the vendor agreed to grant an exclusive right and option (the "Option") to the Group to buy the Premises at the purchase price £1,500,000 (equivalent to approximately HK$18,000,000) at anytime with an option period of two years from 20 January 2012. In the opinion of the directors of the Company, the value of the lease agreement and the Option at the date of acquisition is not significant.

Fair value of assets acquired and liabilities at the date of acquisition

	Sino-Singapore Group	**S&J**	**Total**
	HK$'000	HK$'000	HK$'000
Property, plant and equipment	–	670	670
Customer network (included in other intangible assets)	–	9,765	9,765
Sales contract (included in other intangible assets)	33,292	–	33,292
Inventories	–	7,132	7,132
Trade and other receivables and prepayments	78	8,335	8,413
Bank balances and cash	2	4,637	4,639
Trade and other payables and accruals	–	(13,551)	(13,551)
Tax payable	–	(1,055)	(1,055)
Bank overdrafts	–	(7)	(7)
Deferred tax liabilities	(5,493)	(2,214)	(7,707)
	27,879	13,712	41,591
Non-controlling interest	(2,879)	–	(2,879)
Goodwill	–	9,774	9,774
	25,000	23,486	48,486

34. Acquisitions of Subsidiaries *(Continued)*

Fair value of assets acquired and liabilities at the date of acquisition *(Continued)*

The fair values of trade and other receivables and prepayments at the dates of acquisitions amounted to approximately HK$78,000 and HK$8,335,000 for Sino-Singapore Group and S&J respectively, which represented the gross contractual amount as well as the best estimate at dates of acquisitions of the contractual cash flows expected to be collected at acquisition dates.

At the date of acquisition, the non-controlling interests is measured at the non-controlling interest's share of the fair value of the identifiable assets.

Goodwill arose in the acquisition of S&J because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of S&J. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Net cash outflow on acquisitions

	Sino-Singapore Group HK$'000	**S&J** HK$'000	**Total** HK$'000
Considerations transferred	25,000	23,486	48,486
Less: cash and cash equivalent balances acquired	(2)	(4,630)	(4,632)
	24,998	18,856	43,854

The fair value of the customer network was determined based on a valuation carried out at the acquisition date using the multi-period excess earnings method. The fair value represents present value of the incremental cash flow attributable to the customer network, by applying a discount rate of 18% per annum and customer attrition rate of 10% per annum.

The fair value of sales contract was determined based on a valuation carried out at the acquisition date using the multi-period excess earnings method. The fair value represents present value of the incremental cash flow attributable to the sales contract, by applying a discount rate of 14% per annum.

34. Acquisitions of Subsidiaries *(Continued)*

Net cash outflow on acquisitions *(Continued)*

Included in the loss for the prior year are loss of HK$15,660,000 and profit of HK$572,000 attributable to the additional business generated by the Sino-Singapore Group and S&J, respectively. Revenue for the prior year included HK$807,000 and HK$13,260,000 generated from the Sino-Singapore Group and S&J, respectively.

Had the acquisition been completed on 1 April 2011, total group revenue for the prior year would have been HK$325,616,000, and loss for the prior year would have been HK$30,386,000. The pro-forma information was for illustration purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed at 1 April 2011, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and loss of the Group had the Sino-Singapore Group and S&J been acquired at the beginning of the prior year, the directors calculated depreciation of plant and equipment and amortisation of other intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

On 6 March 2012, together with a non-controlling interest of a non-wholly owned subsidiary of the Group (the "NCI"), the Group entered into an agreement with the parties connected to NCI to acquire 100% equity interest in Beijing Think Micro-Medical Technology Limited ("Beijing Think"), a company established in the PRC, for a total consideration of approximately RMB759,000 with reference to the net assets value of Beijing Think as at 31 December 2011, and jointly invest in Beijing Think for not more than HK$12,000,000. The completion of the acquisition will be subject to the obtaining all the necessary approval from relevant government authority in the PRC. The acquisition has been subsequently terminated on 17 June 2013, details of which are set out in Note 35(d).

35. Significant Events After the Reporting Period

(a) Completion of discloseable and connected transaction

On 23 January 2013, the Group entered into a conditional sale and purchase agreement with Mr. Woo relating to the acquisition of the 100,000 shares of HK$1.00 each, being 10% of the entire issued share capital of China Energy Trading Company Limited which are legally and beneficially owned by Mr. Woo (the "China Energy Sale Shares") and all obligation, liabilities and debts owing or incurred by China Energy to Mr. Woo on or at any time prior to the completion of the acquisition (the "China Energy Sale Loan"), pursuant to which the Group conditionally agreed to acquire and Mr. Woo conditionally agreed to sell the China Energy Sale Shares and the China Energy Sale Loan for an aggregate consideration of HK$4,100,000. The consideration shall be settled by procuring the Company to issue 2,500,000 new shares of the Company, credited as fully paid, to Mr. Woo at completion.

On 23 January 2013, the Group entered into a conditional sale and purchase agreement with Mr. Woo relating to the acquisition of the 100,000 shares of HK$1.00 each, being 10% of the entire issued share capital of China Petro, a 90%-owned subsidiary, which are legally and beneficially owned by Mr. Woo (the "China Petro Sale Shares"), pursuant to which the Group conditionally agreed to acquire and Mr. Woo conditionally agreed to sell the China Petro Sale Shares for a consideration of HK$2,490,000. The consideration shall be settled by procuring the Company to issue 1,518,292 new shares of the Company, credited as fully paid, to Mr. Woo at completion.

35. Significant Events After the Reporting Period *(Continued)*

(a) Completion of discloseable and connected transaction *(Continued)*

On 23 January 2013, the Group entered into a conditional sale and purchase agreement with Mr. Woo relating to the acquisition of the 1 share of US$1.00 each, being the entire issued share capital of China Indonesia Alliances Coal Investment Company Limited which is legally and beneficially owned by Mr. Woo (the "China Coal Sale Share"), pursuant to which the Group conditionally agreed to acquire and Mr. Woo conditionally agreed to sell the China Coal Sale Share for a consideration of HK$36,000,000. The consideration shall be settled as follows: (i) HK$4,000,000 shall be satisfied by procuring the Company to issue a promissory note in the principal amount of HK$4,000,000 in favour of Mr. Woo; (ii) HK$3,240,000 shall be payable in cash by the Group; and (iii) HK$28,760,000 shall be satisfied by procuring the Company to issue 17,536,585 new shares of the Company, credited as fully paid, to Mr. Woo at completion. The valuation of the assets acquired and liabilities assumed as well as cost of acquisition is pending for finalisation as of the date these consolidated financial statements were authorised for issuance and therefore the financial information in relation to the acquisition has not been disclosed in these financial statements.

Further details of the above acquisitions, are set out in the Company's announcement dated 23 January 2013 and circular dated 25 March 2013.

All of the above acquisitions have been completed on 16 April 2013.

(b) Memorandum of understanding in respect of the possible acquisition of the equity interest of a target company

On 29 May 2013, the Group entered into a non-legally binding memorandum of understanding with independent third parties to acquire the entire issue share capital of the target company as contemplated under the memorandum of understanding and subject to the execution of formal sale and purchase agreement. The consideration shall be not less than HK$3,200 million and shall be settled by either one of the following manners:

(i) by cash; or

(ii) by way of allotment and issue of the shares of the Company and/or convertible bonds of the Company at the conversion price of HK$2 per conversion share (subject to further negotiation between the Group and the vendors); or

(iii) the combination of the above payment methods.

The consideration for the above possible acquisition (including the actual payment method, time and amount) shall be subject to further negotiation between the parties to the memorandum of understanding. Further details are set out in the Company's announcement dated 29 May 2013. As of the date these consolidated financial statements were authorised for issuance, no formal agreement has been entered into between the Group and the vendors.

35. Significant Events After the Reporting Period *(Continued)*

(c) Placing of new shares under general mandate

The Company entered into a placing agreement dated 3 June 2013 and a supplemental placing agreement dated 14 June 2013 (collectively referred to as the "Placing") with the placing agent pursuant to which the placing agent has conditionally agreed with the Company to place up to 40,000,000 placing shares of the Company on a best effort basis to one or more placees who are independent third parties at the placing price of HK$2.10 per placing share. The Placing was completed on 25 June 2013. Further details are set out in the announcements of the Company dated 3 June 2013, 14 June 2013 and 25 June 2013.

(d) Termination of connected transaction in relation to the investment in 70% equity interest in a medical devices company in PRC

On 17 June 2013, the Group entered into a termination agreement, set-off agreement and repayment agreement relating to, inter alia, the termination of the investment agreement for the proposed investment in Beijing Think as detailed in Note 34. Further details are set out in the Company's announcements dated 6 March 2012, 6 September 2012 and 17 June 2013.

Financial Summary

Results

	Year ended 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**565,152**	259,094	426,272	427,116	311,607
Profit (loss) for the year	**6,802**	(35,105)	54,925	78,944	43,531
Total comprehensive income for the year attributable to owners of the Company	**5,758**	(28,495)	57,179	79,079	44,940

Assets and Liabilities

	As at 31 March				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**518,072**	428,965	465,087	382,682	254,965
Total liabilities	**(122,038)**	(38,374)	(27,316)	(156,629)	(108,069)
Net assets	**396,034**	390,591	437,771	226,053	146,896

Note 1: The Company was incorporated in the Cayman Islands on 9 June 2010 and became the holding company of the Group on 24 December 2010. The results and assets and liabilities of the Group for 2009 and 2010 have been prepared on a combined basis as if the current group structure had been in existence throughout and at the end of those years and have been extracted from the Prospectus.

Note 2: Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange during the period from the date of the Listing (i.e. 13 January 2011) to 31 March 2013.