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)

2013/2014
Interim Report

Contents

Corporate Information

Executive Directors

Mr. Wong Wai Sing
(Chairman and Chief Executive Officer)
(redesignated as Chairman on 10 June 2013)
Mr. Chum Hon Sing *(Vice-Chairman)*
(redesignated as Vice-Chairman on 10 June 2013)
Mr. Lee Chi Shing, Caesar
Mr. Tsang Ho Ka, Eugene
Ms. Sung Ting Yee
Ms. Yick Mi Ching, Dawnibilly
Ms. Lu Ying (appointed on 3 July 2013)
Mr. Chan Kin Lung (appointed on 4 October 2013)

Independent Non-executive Directors

Mr. Kwok Kam Tim
Mr. Kinley Lincoln James Lloyd
Dr. Hui Chik Kwan
Mr. Wang Junqiang (appointed on 3 July 2013)

Authorised Representatives

Mr. Chan Shiu Yuen, Sammy
Mr. Tsang Ho Ka, Eugene

Audit Committee Members

Mr. Kwok Kam Tim *(Chairman)*
Mr. Kinley Lincoln James Lloyd
Dr. Hui Chik Kwan
Mr. Wang Junqiang (appointed on 3 July 2013)

Remuneration Committee Members

Mr. Kwok Kam Tim *(Chairman)*
Mr. Kinley Lincoln James Lloyd
Dr. Hui Chik Kwan
Mr. Wang Junqiang (appointed on 3 July 2013)

Nomination Committee Members

Mr. Kwok Kam Tim *(Chairman)*
Mr. Kinley Lincoln James Lloyd
Dr. Hui Chik Kwan
Mr. Wang Junqiang (appointed on 3 July 2013)

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

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

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

Corporate Information

Principal Place of Business in Hong Kong

Room 601, 6/F.
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

Management Discussion and Analysis

BUSINESS REVIEW

During the period under review, the Newtree Group Holdings Limited (the "Company") and its subsidiaries (together as the "Group") has been engaged in the Hygienic Disposables Business, MTBE Business, Coal Business and Household Consumables Business.

For the period under review, the Group recorded a net loss attributable to the owners of the Company of approximately HK$45.3 million (2012: profit of approximately HK$3.0 million).

Revenue

The Group's revenue increased by approximately HK$92.4 million or 40.8% from approximately HK$226.6 million for the six months ended 30 September 2012 to approximately HK$319.0 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 six months ended 30 September 2013, with comparative figures for the corresponding period in 2012.

	Six months ended 30 September			
	2013 HK$'000 (unaudited)	**2013 %**	2012 HK$'000 (unaudited)	2012 %
By Segment:				
– Hygienic Disposables Business	**101,006**	**31.7**	139,664	61.6
– MTBE Business	**108,162**	**33.9**	47,237	20.9
– Coal Business	**72,327**	**22.7**	–	–
– Household Consumables Business	**37,472**	**11.7**	39,683	17.5
Total	**318,967**	**100.0**	226,584	100.0
By geographical locations:				
PRC	**180,489**	**56.6**	49,059	21.7
United Kingdom	**103,359**	**32.4**	109,104	48.2
Norway	**21,182**	**6.6**	38,805	17.1
United States of America	**10,885**	**3.4**	28,364	12.5
Singapore	**2,286**	**0.8**	–	–
Turkey	**400**	**0.1**	–	–
Taiwan	**366**	**0.1**	–	–
Sweden	**–**	**–**	750	0.3
Ireland	**–**	**–**	290	0.1
Italy	**–**	**–**	212	0.1
	318,967	**100.0**	226,584	100.0

BUSINESS REVIEW *(Continued)*

Revenue *(Continued)*

The Group's revenue on the Hygienic Disposables Business decreased by approximately HK$38.7 million or 27.7% from approximately HK$139.7 million for the six months ended 30 September 2012 to approximately HK$101.0 million for the corresponding period in 2013 mainly due to the slow growth of the economic condition of the European and United States markets and the loss of a single customer. Revenue for the MTBE Business increased by approximately HK$60.9 million or 129.0% from approximately HK$47.2 million for the six months ended 30 September 2012 to approximately HK$108.1 million for the corresponding period in 2013 mainly due to sales contract with the customer was executed as planned. Revenue for the Coal Business was generated from business newly acquired by the Group during April 2013 and no comparative was available. Revenue from Household Consumables Business slightly decreased by approximately HK$2.2 million or 5.6% from approximately HK$39.7 million for the six months ended 30 September 2012 to approximately HK$37.5 million for the corresponding period in 2013 mainly due to the slow growth of the UK economic condition.

Cost of sales

Cost of sales increased by approximately HK$101.1 million or 48.4% from approximately HK$208.9 million for the six months ended 30 September 2012 to approximately HK$310.0 million for the corresponding period in 2013. The increase was mainly in line with the changes in turnover of various business segments.

Gross profit and gross profit margin

The following table sets forth the Group's gross profit and the gross profit margin by business segment for the six months ended 30 September 2013, with comparative figures for the corresponding period in 2012.

	Six months ended 30 September			
	2013 HK$'000 (unaudited)	**2013 %**	2012 HK$'000 (unaudited) (restated)	2012 %
By segment:				
– Hygienic Disposables Business	**(1,871)**	**(1.9)**	10,333	7.4
– MTBE Business	**3,211**	**3.0**	2,422	5.1
– Coal Business	**2,712**	**3.8**	–	–
– Household Consumables Business	**4,824**	**12.9**	4,883	12.3
	8,876	**2.8**	17,638	7.8

Gross profit decreased by approximately HK$8.8 million or 49.7% from approximately HK$17.6 million for the six months ended 30 September 2012 to approximately HK$8.8 million for the corresponding period in 2013. The Hygienic Disposables Business shows a gross loss of 1.9% as compare to a gross profit margin of 7.4% for the six months ended 30 September 2012 mainly due to the decrease in production volume and the increase in material cost not fully transferred to our customers. The gross profit margin for the MTBE Business reflects the normal profit margin according to the sales contract while the gross profit margin for the corresponding period in 2012 include the amortization of other intangible assets arising from the acquisition. The gross profit margin for the Coal Business represents normal profit margin according to the term of the sales contracts. The gross profit margin for the Household Consumables Business increased slightly from 12.3% for the six months ended 30 September in 2012 to 12.9% for the corresponding period in 2013 due to the saving from better negotiation with suppliers.

Management Discussion and Analysis

BUSINESS REVIEW *(Continued)*

Other income

Other income mainly consists of service income, bank and other interest income. Other income decreased by approximately HK$15.4 million or 93.3% from approximately HK$16.5 million for the six months ended 30 September 2012 to approximately HK$1.1 million for the corresponding period in 2013 mainly due to the decrease in a one-off service income and compensation income of approximately HK$1.5 million and approximately HK$14.4 million respectively for the six months ended 30 September 2012.

Other gains and losses

Other gains and losses mainly consist of net exchange gain of approximately HK$0.8 million and an impairment loss on the trade receivables of approximately HK$40,000. The other gains and losses for the six months 30 September 2012 mainly consists of net exchange loss of approximately HK$0.4 million, impairment loss on trade receivables of approximately HK$0.2 million offset by gain on disposal of property, plant and equipment and available-for-sales financial assets of approximately HK$0.3 million.

Selling and distribution expenses

Selling and distribution expenses mainly consist of transportation expenses, custom and inspection and commission paid. The selling and distribution expenses decreased by approximately HK$0.3 million or 5.6% from approximately HK$4.5 million for the six months ended 30 September 2012 to approximately HK$4.2 million for the corresponding period in 2013 and this is mainly due to the decrease in transportation and custom and inspection charge due to decrease in sales volume for the Hygienic Disposable Business.

Administrative expenses

Administrative expenses mainly consists of salaries (including directors) and staff related expenses, amortization of prepaid lease payments, depreciation of property, plant and equipment in relation to the administrative functions, overseas travelling, consultancy fee, legal and professional fee and rental expenses. The administrative expenses increased by approximately HK$ 18.8 million or 75.2% from approximately HK$25.1 million for the six months ended 30 September 2012 to approximately HK$43.9 million for the corresponding period in 2013 mainly due to the increase in staff and related cost for the additional director and staffs during the period, the increase in legal and professional fee and consultancy fee for the acquisition of subsidiaries.

Finance costs

Finance cost consists of imputed interest on the promissory note and the interest expenses for trust receipt loan. The increase was mainly come from the imputed interest arising from the issue of promissory note for the acquisition of subsidiaries.

BUSINESS REVIEW *(Continued)*

Loss before tax

The Group recorded a loss before tax of approximately HK$46.0 million for the six months ended 30 September 2013 as compared to a profit before tax of approximately HK$4.3 million for the corresponding period in 2012. The loss was mainly due to the decrease in gross profit of approximately HK$8.8 million, decrease in other income of approximately HK$15.4 million, increase in administrative expenses of approximately HK$18.8 million, increase in finance cost of approximately HK$0.1 million, increase in impairment loss on other intangible assets of approximately HK$8.5 million and partly offset by the increase in other gains and losses of approximately HK$1.0 million and decrease in selling and distribution expenses of approximately HK$0.3 million.

Income tax credit/expense

The Group recorded an income tax credit of approximately HK$0.3 million during the six months ended 30 September 2013 (as compared to the tax expense of approximately HK$1.0 million during the six months ended 30 September 2012).

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

Total comprehensive income for the period attributable to owners of the Company shows a loss of approximately HK$47.6 million for the six months ended 30 September 2013 as compare to an income of approximately HK$2.6 million for the six months ended 30 September 2012.

Dividends

The board of directors did not recommend the payment of any interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: HK$Nil).

FINANCIAL REVIEW

Liquidity and financial resources

The Group's principal source of working capital was cash generated from the sale of its products. The Group's current ratio as at 30 September 2013 was 3.2 (as at 31 March 2013: 3.8). The gearing ratio as at 30 September 2013 was 1.2% (as at 31 March 2013: 2.3%), which is calculated with total borrowings over shareholder's equity.

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 arise. Certain monetary financial assets are denominated in foreign currencies as at 30 September 2013. The exposure to exchange rate risks mainly arose from fluctuations of United State Dollar ("USD"), Hong Kong Dollar ("HKD"), Great Britain 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 HKD and MOP are pegged with USD.

FINANCIAL REVIEW *(Continued)*

Currency and interest rate exposure *(Continued)*

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

CONTINGENT LIABILITIES

As at 30 September 2013, the Group does 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 30 September 2013 HK$'000 (unaudited)	At 31 March 2013 HK$'000 (audited)
Contracted but not provided for in the consolidated financial statements for the acquisition of subsidiaries	**–**	42,590

(b) Operating lease commitments

The Group as lessee:

The Group made minimum lease payments of approximately HK$1,670,000 (six months ended 30 September 2012: HK$1,080,000) under operating leases in respect of office premises and car-parking space during the period.

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 30 September 2013 HK$'000 (unaudited)	At 31 March 2013 HK$'000 (audited)
Within one year	**3,078**	4,975
In the second to fifth years inclusive	**1,662**	3,122
	4,740	8,097

Management Discussion and Analysis

MATERIAL ACQUISITIONS

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 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 settled by procuring the Company to issue 1,518,292 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 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 settled as follows: (i) HK$4,000,000 settled 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 settled by cash by the Group; and (iii) HK$28,760,000 settled by procuring the Company to issue 17,536,585 new shares of the Company, credited as fully paid, to Mr. Woo at completion.

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.

Management Discussion and Analysis

SIGNIFICANT EVENTS

(a) Memorandum of understanding in respect of the possible acquisition of the entire equity interest in Goldbell Holdings Limited ("Goldbell")

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 Goldbell 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 and 24 September 2013. As of the date of this report, no formal agreement has been entered into between the Group and the vendors.

(b) 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.

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

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 HK12,000,000. The completion of the acquisition will be subject to the obtaining all the necessary approval from relevant government authority in the 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. References are made to the Company's announcements dated 6 March 2012, 6 September 2012 and 17 June 2013.

Save as disclosed above, there have been no other important events affecting the Group since the publication of the Group's annual financial statements for the year ended 31 March 2013.

Management Discussion and Analysis

CHARGE ON ASSETS

A bank deposit of approximately HK$7.8 million and certain leasehold land and building with carrying value of approximately HK$14.1 million (as at 31 March 2013: a bank deposit of approximately HK$7.8 million and certain leasehold land and building with carrying value of approximately HK$14.2 million) has been pledged as security for certain banking facilities granted to the Group.

HUMAN RESOURCES

The number of employees of the Group as at 30 September 2013, was approximately 164, 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.

PROSPECT

Facing the increasing fierce market competition, the Group will stand against the adversity and take advantage of the resources available. The Group will continue to spare its best efforts in strengthening different segments of the Group by proper allocate of the Group resources in different business segments.

Hygienic Disposables Business

The Group had experienced a hard time for the business segment during the first half of the financial year, and improvement of profit margin will be the focus in the coming year. The business segment should be benefit from the steady economic recovery of the United States and the European market in the year 2014.

MTBE Business

The execution of the existing sales contract continues to provide steady turnover and profit to the Group in the coming year and with the experience gained in the past, the Groups plans to introduce more customers and products in the petro-chemical industry.

Coal Business

Similar to the MTBE Business, the smooth execution of the sales contract will bring in stable turnover and profit to the Group, and with the experience gained from the MTBE and Coal Business, the Group will seek for the opportunity to diversify the Group's business in the PRC market.

Household Consumables Business

This business segment continues to be the platform for the expansion of the European market and also contribute steady profit to the Group.

In light of the rapid and unpredictable market changes, the Group will encounter a lot of challenges in the coming year. Improving ourselves and monitoring the costs is our top priority. Moreover, we always maintain a strong financial position so that the Group can respond smoothly to the changing environment.

Other Information

Compliance with the Code on Corporate Governance Practice

The Company is committed to the establishment of good governance practices and procedures. The Company has met the code provisions set out in the Code on Corporate Governance Practices ("CG Code") in Appendix 14 of the Listing Rules. Throughout the six months ended 30 September 2013, the Company has adopted the CG Code as its corporate governance code of practices and is in compliance with all the mandatory code provisions set out in the CG Code except for the deviations set out as below:

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 (the "Board"). 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.2.1 of the CG Code

The code provision A.2.1 requires the role of chairman and chief executive should be separate and should not be performed by the same individual.

There is no separation of the role of chairman (the "Chairman") and chief executive officer (the "CEO"). Mr. Wong Wai Sing ("Mr. Wong"), has become of the CEO of the Group since 15 May 2012 was redesignated as Chairman of the Group since 10 June 2013, and has assumed the role of both Chairman and the CEO of the Group. The Board considered that this structure could enhance efficiency in the formulation and implementation of the Company's strategies in current stage. The Board will review the need of appointing suitable candidate to assume the role of the CEO when necessary.

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 independent non-executive Directors ("INED") of the Company (namely Mr. Kwok Kam Tim ("Mr. Kwok"), Mr. Kinley Lincoln James Lloyd ("Mr. Kinley") and Dr. Hui Chik Kwan ("Dr. Hui") are not appointed for a fixed term of office, but they are subjected to retirement by rotation and re-election of Directors through 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.

Other Information

Compliance with the Code on Corporate Governance Practice *(Continued)*

Code provision A.6.7 of the CG Code

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

Mr. Kinley and Dr. Hui who are the INED of the Company were unable to attend extraordinary general meeting (the "2013 EGM") and the annual general meeting (the "2013 AGM") of the Company held on 12 April 2013 and 15 August 2013 respectively and Mr. Wang Junqiang ("Mr. Wang"), an INED of the Company, was unable to attend the 2013 AGM as they had other important business engagement.

As an action plan to address the aforesaid deviation, the Company will require all the INED 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 sent, 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 ("Mr. Chum"), being the Chairman of the Company, was unable to attend the 2013 EGM due to another commitment and Mr. Chum appointed Mr. Tsang Ho Ka, Eugene ("Mr. Tsang"), an executive Director, to act as his representative at the 2013 EGM and to take the chair of the said 2013 EGM and to ensure that proceedings of the meeting would be conducted in order. Mr. Wong, being the Chairman of the Company, was unable to attend the 2013 AGM due to another commitment and Mr. Wong appointed Mr. Tsang, an excutive Director, to act as his representative at the 2013 AGM and to take the chair of the said 2013 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.

Other Information

Model Code for Securities Transactions

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company confirms that having made specific enquiries to all the directors of the Company, all the directors have confirmed that they have complied with the required standards of the Model Code during the six months ended 30 September 2013.

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

As at 30 September 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 were as follows:

Name of director	Nature of interest	Total number of shares held *(note)*	Approximate percentage of interest in the Company
Mr. Wong	Beneficial Owner	340,267,659	46.73%
Mr. Chum	Beneficial Owner	340,267,659	46.73%

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

Director's Rights to Acquire Shares or Debenture

Save as otherwise disclosed in this report, at no time during the six months ended 30 September 2013 and up to the date of this report were rights to acquire benefits by means of acquisition of shares 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.

Other Information

Substantial Shareholders

As at 30 September 2013, the following persons (not being a Director or the chief executive of the Company) have interests or short positions in the shares or 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:

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	46.73%
Speeder Link International Ltd *(Note 2)*	Security Interest	200,000,000	27.64%
Liu Fenzhen *(Note 3)*	Interest in Controlled Corporation	200,000,000	27.64%
China International Capital Corporation Hong Kong Securities Limited *(Note 4)*	Beneficial owner	50,800,000	6.94%

Note:

1. This company is ultimately beneficially owned as to 50% by Mr. Wong and 50% by Mr. Chum.

2. Speeder Link International Limited, as a person having a security interest in the shares, is deemed to be interested in a total of 200,000,000 shares (which are beneficially owned by Twin Star Global Limited).

3. Speeder Link International Limited is 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.

4. China International Capital Corporation Hong Kong Securities Limited is an indirect wholly-owned subsidiary of China International Capital Corporation Limited.

Save as disclosed in this report, 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 30 September 2013.

Other Information

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, executives 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 and 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 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; (ii) the number of shares issued and to be issued in respect of which options are 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 are 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.

As at the date of this report, no options were granted under the Share Option Scheme.

Purchase, Sales or Redemption of Listed Securities

During the six months ended 30 September 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange.

Audit Committee and Review of Financial Statement

The audit committee of the Company (the "Audit Committee") was established on 17 December 2010 with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the Company's financial reporting process and internal control systems.

The Audit Committee comprises four independent non-executive directors, being Mr. Kwok, Mr. Kinley, Mr. Wang and Dr. Hui. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2013.

Other Information

Interim Dividend

The Board does not recommend the payment of interim dividends for the six months ended 30 September 2013.

Changes to Information in Respect of Directors

In the six months ended 30 September 2013 and up to the date of this report, pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the directors are as follows:

– Ms. Lu Ying was appointed as the executive director of the Company effective from 3 July 2013;

– Mr. Chan Kin Lung was appointed as the executive director of the Company effective from 4 October 2013;

– Mr. Wang was appointed as the independent non-executive director of the Company effective from 3 July 2013; and

  Mr. Wang was appointed as the member of the audit committee, the remuneration committee and the nomination committee of the Company respectively effective from 3 July 2013.

Further details of the appointment of directors are set out in the Company's announcement dated 3 July 2013 and 4 October 2013.

By the order of the Board
Newtree Group Holdings Limited
Mr. Wong Wai Sing
Chairman, Chief Executive officer
and Executive Director

Hong Kong, 29 November 2013

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2013

	Notes	Six months ended 30 September 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited) (restated)
Revenue	4	**318,967**	226,584
Cost of sales		**(310,091)**	(208,946)
Gross profit		**8,876**	17,638
Other income	5	**1,104**	16,544
Other gains and losses	6	**809**	(273)
Selling and distribution expenses		**(4,279)**	(4,532)
Administrative expenses		**(43,913)**	(25,065)
Finance costs	7	**(168)**	(38)
Impairment loss on other intangible assets	15	**(8,491)**	–
(Loss) profit before tax		**(46,062)**	4,274
Income tax credit (expenses)	8	**308**	(1,039)
(Loss) profit for the period	9	**(45,754)**	3,235
Other comprehensive income			
Exchange difference arising on translation		**(2,350)**	(429)
Other comprehensive income for the period, net of income tax		**(2,350)**	(429)
Total comprehensive income for the period, net of income tax		**(48,104)**	2,806
(Loss) profit for the period attributable to:			
Owners of the Company		**(45,267)**	3,039
Non-controlling interests		**(487)**	196
		(45,754)	3,235
Total comprehensive income for the period attributable to:			
Owners of the Company		**(47,617)**	2,610
Non-controlling interests		**(487)**	196
		(48,104)	2,806
(Loss) earnings per share – basic and diluted (HK cents)	11	**(6.39)**	0.46

Unaudited Condensed Consolidated Statement of Financial Position

At 30 September 2013

	Notes	At 30 September 2013 HK$'000 (unaudited)	At 31 March 2013 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**25,566**	27,680
Prepaid lease payments		**6,323**	6,307
Other intangible assets	*13*	**69,232**	20,833
Goodwill	*14*	**9,774**	9,774
Available-for-sale financial assets		**3,250**	–
		114,145	64,594
CURRENT ASSETS			
Inventories	*16*	**49,524**	52,377
Prepaid lease payments		**215**	212
Trade and other receivables and prepayments	*17*	**453,348**	367,852
Pledged bank deposit		**7,806**	7,803
Bank balances and cash		**41,779**	25,234
		552,672	453,478
CURRENT LIABILITIES			
Trade and other payables and accruals	*18*	**161,533**	101,811
Trust receipt loan		**5,587**	9,163
Tax payable		**7,937**	7,114
		175,057	118,088
NET CURRENT ASSETS		**377,615**	335,390
Total assets less current liabilities		**491,760**	399,984
NON CURRENT LIABILITIES			
Deferred tax liabilities		**11,917**	3,950
Promissory note		**3,450**	–
		15,367	3,950
NET ASSETS		**476,393**	396,034
CAPITAL AND RESERVES			
Share capital	*20*	**7,282**	6,667
Reserves		**464,858**	388,402
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**472,140**	395,069
Non-controlling interests		**4,253**	965
TOTAL EQUITY		**476,393**	396,034

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 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 2012 (unaudited)	6,667	288,369	49	678	15,937	(6,000)	83,576	389,276	1,315	390,591
Profit for the period	–	–	–	–	–	–	3,039	3,039	196	3,235
Other comprehensive income	–	–	–	–	(429)	–	–	(429)	–	(429)
Total comprehensive income for the period	–	–	–	–	(429)	–	3,039	2,610	196	2,806
At 30 September 2012 (unaudited) (restated)	6,667	288,369	49	678	15,508	(6,000)	86,615	391,886	1,511	393,397
At 1 April 2013 (unaudited)	**6,667**	**288,369**	**49**	**678**	**15,111**	**(6,000)**	**90,195**	**395,069**	**965**	**396,034**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(45,267)**	**(45,267)**	**(487)**	**(45,754)**
Other comprehensive income	**–**	**–**	**–**	**–**	**(2,350)**	**–**	**–**	**(2,350)**	**–**	**(2,350)**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(2,350)**	**–**	**(45,267)**	**(47,617)**	**(487)**	**(48,104)**
Acquisition of subsidiaries	**175**	**36,301**	**–**	**–**	**–**	**–**	**–**	**36,476**	**4,887**	**41,363**
Acquisition of interest from a non-controlling shareholder	**15**	**3,143**	**–**	**–**	**–**	**(2,046)**	**–**	**1,112**	**(1,112)**	**–**
Acquisition of available-for-sale financial assets	**25**	**5,175**	**–**	**–**	**–**	**–**	**–**	**5,200**	**–**	**5,200**
Issue of share pursuant to placing agreement	**400**	**83,600**	**–**	**–**	**–**	**–**	**–**	**84,000**	**–**	**84,000**
Transaction cost of attributable to issue of placing shares	**–**	**(2,100)**	**–**	**–**	**–**	**–**	**–**	**(2,100)**	**–**	**(2,100)**
At 30 September 2013 (unaudited)	**7,282**	**414,488**	**49**	**678**	**12,761**	**(8,046)**	**44,928**	**472,140**	**4,253**	**476,393**

Notes:

(i) In accordance with the provisions of the 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 (i) 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 amounting to HK$6,000,000 and (ii) the difference between the fair value of shares issued as consideration for the acquisition of the remaining equity interest of a subsidiary from a non-controlling shareholder amounting to HK$2,046,000.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2013

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
NET CASH USED IN OPERATING ACTIVITIES	**(53,824)**	(101,036)
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	**(4,641)**	40,543
NET CASH GENERATED FROM FINANCING ACTIVITIES	**78,867**	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**20,402**	(60,493)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**33,037**	128,943
Effect of foreign exchange rate changes	**(3,854)**	(400)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	**49,585**	68,050

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2013

1. GENERAL INFORMATION

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 9 June 2010. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 January 2011. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company acts as an investment holding company. The principal activities of the Group are (i) manufacture and trading of plastic products; (ii) trading of Methyl Tertiary Butyl Ether ("MTBE") products; (iii) trading of coal products and (iv) wholesale and retail of household consumables.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of the Stock Exchange and in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting", amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA"). The unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial assets, which are measured at fair values.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013, except for the adoption of the new and revised HKFRSs as disclosed in note 3 to the condensed consolidated financial statements.

3. ADOPTION OF NEW OR AMENDED HKFRSs

(a) Adoption of new standards or amended HKFRSs

In the current period, the Group has applied for the first time the following new standards and amendments issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2013:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 19 (2011)	Employee Benefits
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities

The adoption of these new standards and amendments to HKFRSs did not change the Group's accounting policies as followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

(b) New or revised HKFRSs that have been issued but are not yet effective

The Group has not applied the following new or revised HKFRSs that have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[1]
Amendments to HKAS 36	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets[1]
HKFRS 9	Financial Instruments – Classification of Financial Assets and Financial Liabilities[2]
Amendments to HKAS 39	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Interpretation 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 January 2015

The Directors anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the Board of the Company, being the chief operating decision maker ("CODM"), 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 the clinical and household hygienic disposables and trading of related raw materials
- MTBE Business – Trading of MTBE products
- Coal Business – Trading of coal products
- Household Consumables Business – Trading of household consumables

Segment revenue and results

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

	Hygienic Disposables Business HK$'000 (unaudited)	MTBE Business HK$'000 (unaudited)	Coal Business HK$'000 (unaudited)	Household Consumables Business HK$'000 (unaudited)	Total HK$'000 (unaudited)
For the six months ended 30 September 2013					
Revenue from external customers	101,006	108,162	72,327	37,472	318,967
Segment (loss)/profit	(13,304)	1,959	2,656	1,922	(6,767)
Bank interest income					8
Exchange difference					849
Amortisation of other intangible assets					(482)
Impairment loss on other intangible assets					(8,491)
Central administration costs					(31,179)
Loss before tax					(46,062)

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

	Hygienic Disposables Business HK$'000 (unaudited)	MTBE Business HK$'000 (unaudited)	Household Consumables Business HK$'000 (unaudited)	Elimination HK$'000 (unaudited)	Total HK$'000 (unaudited)
For the six months ended 30 September 2012 (restated)					
Revenue from external customers	139,664	47,237	39,683	–	226,584
Intra-segment sales	1,447	–	–	(1,447)	–
	141,111	47,237	39,683	(1,447)	226,584
Segment profit	14,182	3,474	2,299	(16)	19,939
Bank interest income					136
Exchange difference					(408)
Amortisation of other intangible assets					(1,918)
Central administration costs					(13,475)
Profit before tax					4,274

The accounting policies of the operating segments are the same as the Group's accounting policies. 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 difference and taxation. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

Segment assets

	30 September 2013 HK$'000 (unaudited)	31 March 2013 HK$'000 (audited)
Hygienic Disposables Business	**280,338**	254,088
MTBE Business	**181,040**	157,467
Coal Business	**35,303**	–
Household Consumables Business	**38,295**	42,873
Total segment assets	**534,976**	454,428
Goodwill	**9,774**	9,774
Other intangible assets	**69,232**	20,833
Available-for-sale financial assets	**3,250**	–
Pledged bank deposit	**7,806**	7,803
Bank balances and cash	**41,779**	25,234
Consolidated assets	**666,817**	518,072

Segment liabilities

	30 September 2013 HK$'000 (unaudited)	31 March 2013 HK$'000 (audited)
Hygienic Disposables Business	**29,771**	22,807
MTBE Business	**98,080**	80,274
Coal Business	**30,876**	–
Household Consumables Business	**8,393**	7,893
Total segment liabilities	**167,120**	110,974
Tax payable	**7,937**	7,114
Promissory note	**3,450**	–
Deferred tax liabilities	**11,917**	3,950
Consolidated liabilities	**190,424**	122,038

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, available-for-sale financial assets, pledged bank deposit and bank balances and cash.

- All liabilities are allocated to operating segments other than promissory note, tax payable and deferred tax liabilities.

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information

	Hygienic Disposables Business HK$'000 (unaudited)	MTBE Business HK$'000 (unaudited)	Coal Business HK$'000 (unaudited)	Household Consumables Business HK$'000 (unaudited)	Total HK$'000 (unaudited)
For the six months ended 30 September 2013					
Amounts included in the measure of segment profit or loss or segment assets:					
Capital additions	**1,391**	**–**	**–**	**35**	**1,426**
Depreciation of property, plant and equipment and amortisation of prepaid lease payments	**3,997**	**–**	**–**	**67**	**4,064**
Loss on disposal of property, plant and equipment	**–**	**–**	**–**	**12**	**12**
Impairment loss on trade receivables	**–**	**–**	**–**	**40**	**40**

	Hygienic Disposables Business HK$'000 (unaudited)	MTBE Business HK$'000 (unaudited)	Household Consumables Business HK$'000 (unaudited)	Total HK$'000 (unaudited)
For the six months ended 30 September 2012				
Amounts included in the measure of segment profit or loss or segment assets:				
Capital additions	558	–	647	1,205
Depreciation of property, plant and equipment and amortisation of prepaid lease payments	2,799	–	69	2,868
Gain on disposal of property, plant and equipment	91	–	–	91
Impairment loss on trade receivables	–	–	180	180

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Information about geographical areas

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

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

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
The People's Republic of China ("PRC")	**180,489**	49,059
United Kingdom	**103,359**	109,104
Norway	**21,182**	38,805
United States of America	**10,885**	28,364
Singapore	**2,286**	–
Turkey	**400**	–
Taiwan	**366**	–
Sweden	**–**	750
Ireland	**–**	290
Italy	**–**	212
	318,967	226,584

As at 30 September 2013, approximately HK$27,447,000, HK$19,560,000, HK$66,495,000 and HK$643,000 of the non-current assets are located in the PRC, United Kingdom, Hong Kong and Macau respectively.

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.

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Information about major customers

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

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Customer A[1]	**180,489**	47,237
Customer B[2]	**37,730**	24,531
Customer C[2]	**27,396**[3]	43,058
Customer D[2]	**21,182**[3]	38,805
Customer E[2]	**10,885**[3]	28,364

[1] Revenue from MTBE and Coal Business

[2] Revenue from Hygienic Disposables Business

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

5. OTHER INCOME

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest income	**480**	275
Service income	**624**	1,829
Compensation income	**–**	14,430
Sundry income	**–**	10
	1,104	16,544

6. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net exchange gain/(loss)	**849**	(408)
Gain on disposal of available-for-sale financial assets	**–**	137
Gain arising in change in fair value of financial assets held for trading	**–**	87
Gain on disposal of property, plant and equipment	**–**	91
Impairment loss on trade receivables	**(40)**	(180)
	809	(273)

7. FINANCE COSTS

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
– Interest expenses on trust receipt loan	**77**	38
– Imputed interest expenses on promissory note	**91**	–
	168	38

8. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Income tax (credit) expense represents:		
Current tax:		
Hong Kong Profits Tax	**762**	621
PRC Enterprise Income Taxation ("EIT")	**–**	195
Other jurisdictions	**432**	587
	1,194	1,403
Deferred taxation	**(1,502)**	(364)
	(308)	1,039

8. INCOME TAX (CREDIT) EXPENSE *(Continued)*

(i) Hong Kong

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

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 30 September 2013, the Group has purchased tax reserve certificates in the amounts of HK$438,000, HK$761,000 and HK$875,000 for the years of assessment 2004/05, 2005/06 and 2006/07 respectively, which have been accounted for as tax recoverable included in trade and other receivables and prepayments of the Group as at 30 September 2013.

The Subsidiaries have not received any further queries from the HKIRD apart from the aforesaid assessments up to the date of this report. 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.

8. INCOME TAX (CREDIT) EXPENSE *(Continued)*

(ii) PRC

Under the Law of the People's Republic of China 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 year 2009 to 2011 with effective tax rate of 12.5%. Starting from fiscal year 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 Limited-Macao Commercial Offshore is exempted from Macao Complementary Tax.

(iv) Other jurisdictions

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

9. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
(Loss) profit for the period has been arrived at after charging/(crediting):		
Directors' remuneration	**4,219**	3,266
Other staff costs	**7,960**	5,608
Retirement benefit scheme contributions	**482**	383
Total staff costs	**12,661**	9,257
Cost of inventories sold	**309,609**	207,028
Depreciation of property, plant and equipment	**3,957**	2,863
Amortisation of prepaid lease payments	**107**	106
Amortisation of other intangible assets (included in cost of sales)	**482**	1,918
Impairment loss on trade receivables	**40**	180
Impairment loss on other intangible assets	**8,491**	–
Loss (gain) on disposal of property, plant and equipment	**12**	(91)
Legal and professional fee for acquisition of subsidiaries included in administrative expenses	**4,663**	702

10. DIVIDENDS

The board of directors did not recommend the payment of any interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: HK$Nil).

11. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
(Loss) profit for the period attributable to owners of the Company	**(45,267)**	3,039
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**707,874,849**	666,666,000

The basic and diluted (loss) earnings per share are equal for both periods as there were no potential ordinary shares in issue.

12. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$1,426,000. (2012: HK$5,226,000) in capital expenditure.

13. OTHER INTANGIBLE ASSETS

	Coal Sales Contract HK$'000	MTBE Sales Contract HK$'000	Customer network HK$'000	Total HK$'000
COST				
At 1 April 2012 (audited)	–	33,292	10,048	43,340
Exchange realignment	–	–	71	71
At 31 March 2013 (audited)	–	33,292	10,119	43,411
Additions *(Note 19)*	57,346	–	–	57,346
Exchange realignment	–	–	60	60
At 30 September 2013 (unaudited)	**57,346**	**33,292**	**10,179**	**100,817**
IMPAIRMENT				
At 1 April 2012 and 31 March 2013 (audited)	–	–	–	–
Impairment *(Note 15)*	8,491	–	–	8,491
At 30 September 2013 (unaudited)	**8,491**	**–**	**–**	**8,491**
AMORTISATION				
At 1 April 2012 (audited)	–	19,975	168	20,143
Charge for the year	–	1,422	1,001	2,423
Exchange realignment	–	–	12	12
At 31 March 2013 (audited)	–	21,397	1,181	22,578
Charge for the period	–	–	482	482
Exchange realignment	–	–	34	34
At 30 September 2013 (unaudited)	**–**	**21,397**	**1,697**	**23,094**
CARRYING VALUE				
At 30 September 2013 (unaudited)	**48,855**	**11,895**	**8,482**	**69,232**
At 31 March 2013 (audited)	–	11,895	8,938	20,833

The Coal Sales Contract represents a legally binding sales contract of coal products entered into between the Group and a customer, which was acquired as part of the Group's acquisition of China Indonesia Alliances Coal Investment Company Limited and its subsidiary (collectively the "China Coal Group") and has been allocated to the Coal Business cash generating unit. Further details are set out in Note 19.

The MTBE 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 and has been allocated to the MTBE Business cash generating unit.

13. OTHER INTANGIBLE ASSETS *(Continued)*

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 and has been allocated to the Household Consumables Business cash generating unit.

In prior to the re-assessment of useful life of the MTBE Sales Contract during the year ended 31 March 2013, the MTBE Sales Contract is amortised on a straight-line basis over the remaining term of the MTBE Sales Contract. As at 31 March 2013, the Group re-assessed the useful life of the MTBE 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 re-assessment considers that the MTBE 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.

No amortisation of MTBE Sales Contract is charged for the period ended 30 September 2013 (2012: HK$1,422,000). Had there been no change of useful life of this intangible asset, the amortisation charged to profit or loss would have been HK$3,805,000 for the period.

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

14. GOODWILL

	At 30 September 2013 HK$'000 (Unaudited)	At 31 March 2013 HK$'000 (Audited)
COST AND CARRYING VALUE		
At the beginning and end of the year	**9,774**	9,774

Goodwill arising in prior years related to the acquisition of equity interest in S&J and has been allocated to the Household Consumables Business cash generating unit.

Particulars regarding impairment testing on goodwill are set out in Note 15.

15. IMPAIRMENT TESTING ON GOODWILL AND OTHER INTANGIBLE ASSETS

For the purpose of impairment testing, goodwill and other intangible assets set out in Notes 13 and 14 respectively have been allocated to three individual cash generating units ("CGUs"), comprising a subsidiary in Household Consumables Business, a subsidiary in MTBE Business and a subsidiary in Coal Business.

The recoverable amounts of the above CGUs as at 30 September 2013 was assessed by the directors by reference to professional valuations performed by Greater China Appraisal Limited, an independent firm of professionally qualified valuers. The basis of the recoverable amounts of each of the CGUs as at 30 September 2013 and their major underlying assumptions are summarised below:

Household Consumables Business CGU

The recoverable amount of a CGU is the higher of its fair-value-less-cost-to-sell and its value in use. The recoverable amount of the Household Consumable Business CGU has been assessed based on a fair-value-less-costs-to-sell calculation. That calculation covered a period of 9.5 years. The calculation uses cash flow projections based on financial budgets approved by management covering a 4.5-year period. Cash flows beyond the 4.5-year period are extrapolated using an estimated growth rate of 3%. The rate used to discount the forecast cash flows is 18.59%. We believe that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the Household Consumables Business to exceed the aggregate recoverable amount of such business.

MTBE Business CGU

The recoverable amount of a CGU is the higher of its fair-value-less-cost-to-sell and its value in use. The recoverable amount of the MTBE Business CGU has been assessed based on a value in use calculation. That calculation covered a period of 14 years. The calculation uses cash flow projections based on financial budgets approved by management covering a 2-year period. Cash flows beyond the 2-year period are extrapolated using an estimated growth rate of 3%. The rate used to discount the forecast cash flows is 16.98%. We believe that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the MTBE Business to exceed the aggregate recoverable amount of such business.

15. IMPAIRMENT TESTING ON GOODWILL AND OTHER INTANGIBLE ASSETS *(Continued)*

Coal Business CGU

The recoverable amount of a CGU is the higher of its fair-value-less-cost-to-sell and its value in use. The recoverable amount of the Coal Business CGU has been assessed based on a fair-value-less-costs-to-sell and value in use calculation. Both calculations use cash flow projections based on financial budgets approved by management covering a 2.5-year period. Cash flow beyond the 2.5-year period are extrapolated using an estimated growth rate of 3%. The rate used to discount the forecast cash flows is 11.82% for the calculation of fair-value-less-cost-to-sell while 13.83% (pre-tax) for the calculation of value in use. No working capital is assumed in calculating the value in use based on the requirement of HKAS 36.

The Group is of the opinion, based on the impairment assessment of the Coal Business CGU, the Coal Sales Contracts included in other-intangible assets is partially impaired by the amount of HK$8,491,000 as compared with its recoverable amounts as at 30 September 2013 and was charged to profit or loss during the current period. The impairment loss on the Coal Sales Contract is mainly attributable to the increase in the anticipated fair value of consideration shares given for the acquisition of the related subsidiary (the "Acquisition"), as a result of the increase in the Company's share price from the date of negotiation of the Acquisition to the date of completion. The increase in the fair value of consideration shares issued as part of the consideration for the Acquisition lead to an increase in the fair value of the Coal Sales Contracts at initial recognition.

16. INVENTORIES

	At 30 September 2013 HK$'000 (unaudited)	At 31 March 2013 HK$'000 (audited)
At cost:		
Raw materials	**31,661**	35,299
Work-in-progress	**4,273**	2,026
Finished goods	**13,590**	15,052
	49,524	52,377

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	At 30 September 2013 HK$'000 (unaudited)	At 31 March 2013 HK$'000 (audited)
Trade receivables	**294,827**	245,975
Less: Impairment loss recognised	**(40)**	(182)
	294,787	245,793
Bills receivables	**23,463**	11,914
Prepayments *(Note i)*	**112,555**	82,780
Other receivables *(Note ii)*	**20,427**	27,287
Amount due from a non-controlling owner of a subsidiary *(Note iii)*	**166**	78
Amount due from a related company *(Note iv)*	**1,950**	–
	453,348	367,852

Notes:

i. The balances as at 30 September 2013 mainly consists of (i) a refundable supplier deposit which amounted to approximately HK$21,323,000 (US$2,750,000) 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$32,781,000 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.

ii. Included in other receivables consists of an unlisted debenture to an independent third party amounting to approximately HK$8,252,000. The debenture was interest-bearing at 12% per annum, secured by assets of the borrower and repayable on demand.

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

iv. The amount due from a related company is unsecured, interest-free and repayable on demand.

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

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:

	At 30 September 2013 HK$'000 (unaudited)	At 31 March 2013 HK$'000 (audited)
Trade and bills receivables:		
0–30 days	**24,308**	21,188
31–60 days	**65,567**	57,873
61–90 days	**41,176**	20,834
over 90 days	**187,199**	157,812
	318,250	257,707

18. TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 September 2013 HK$'000 (unaudited)	At 31 March 2013 HK$'000 (audited)
Trade payables	**157,717**	95,780
Other payables and accruals	**1,949**	4,413
Amount due to a non-controlling owner of a subsidiary	**–**	419
Amount due to a related company	**47**	–
Amount due to a related party	**1,820**	1,199
	161,533	101,811

18. TRADE AND OTHER PAYABLES AND ACCRUALS *(Continued)*

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

	At 30 September 2013 HK$'000 (unaudited)	At 31 March 2013 HK$'000 (audited)
0–30 days	**21,861**	13,994
31–60 days	**52,210**	36,298
61–90 days	**37,919**	22,147
Over 90 days	**45,727**	23,341
	157,717	95,780

19. ACQUISITION OF SUBSIDIARIES

On 16 April 2013, the Group completed the acquisition of the entire equity interest in China Coal, which held 90% equity interest in China Coal Alliances Trading Company Limited ("China Coal Alliances") from Mr. Woo, a director of one of the Company's subsidiaries for a nominal consideration of HK$36,000,000. The consideration was settled as follows: (i) HK$4,000,000 was satisfied by the Company's issue of a promissory note in principal amount of HK$4,000,000 in favour of Mr. Woo (the "Promissory Note") held by the Group until the Profit Guarantee (as defined below) is satisfied; (ii) HK$3,240,000 was paid in cash by the Group; and (iii) HK$28,760,000 was satisfied by the Company's issue of 17,536,585 new shares of the Company. China Coal Group is engaged in the business of coal trading, it is acquired as to diversify the business of the Group in order to maximise return of the shareholders.

In addition, as part of the acquisition, for the period from 1 April 2013 to 31 March 2014, if the net profit after tax and before any extraordinary items and before all non-cash items (as defined in the HKFRSs) of China Coal Alliances (the "Actual Profit"), is less than HK$4,000,000 (the "Profit Guarantee"), Mr. Woo will compensate the Group for the shortfall by setting off against the payment obligation of the Company under the Promissory Note on a dollar to dollar basis for an amount equivalent to the difference between the Profit Guarantee and the Actual Profit.

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 30 September 2013.

19. ACQUISITION OF SUBSIDIARIES *(Continued)*

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

	China Coal Group HK$'000 (Unaudited)
Coal Sales Contract (included in other intangible assets)	57,346
Other receivables	87
Other payables	(9)
Deferred tax liabilities	(9,462)
	47,962
Non-controlling interests	(4,887)
Total consideration	43,075
Consideration satisfied by:	
Cash paid	3,240
Fair value of Promissory Note	3,359
Fair value of shares issued	36,476
Total consideration	43,075
Net cash outflow on acquisition	
Consideration settled in cash	3,240

The acquired coal business has contributed revenue and net profit to the Group of HK$72,327,000 and HK$2,656,000 respectively, for the period from 16 April 2013 to 30 September 2013. If the acquisition has occurred on 1 April 2013, it would have no effect on the consolidated revenue and loss for the period shown in the unaudited condensed consolidated statement of comprehensive income.

20. SHARE CAPITAL

	Number of shares	Nominal value HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 31 March 2013 (audited) and 30 September 2013 (unaudited)	10,000,000,000	100,000
Issued and fully paid:		
At 31 March 2013 (audited)	666,666,000	6,667
Shares issued in consideration for the acquisition of		
– subsidiaries	17,536,585	176
– interest from a non-controlling shareholder	1,518,292	15
– available-for-sale financial assets	2,500,000	25
Issue of share pursuant to placing agreement	40,000,000	400
At 30 September 2013 (unaudited)	728,220,877	7,283

21. RELATED PARTY DISCLOSURES

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

		Six months ended 30 September	
Name of related parties	Nature of transaction	**2013 HK$'000 (unaudited)**	2012 HK$'000 (unaudited)
Mr. Woo *(Note (a))*	Management fee	**1,378**	1,539
Mr. Ng Kwai Wah, Sunny ("Mr. Ng") *(Note (b))*	Consultancy fee	**750**	750

Notes:

(a) The management fee paid to a company in which Mr. Woo, directors and/or a non-controlling owner of certain subsidiaries of the Company, is also the director and shareholder of the companies to which management fee is paid.

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

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair Value Estimation

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	Level 1 HK$'000 (unaudited)	Level 2 HK$'000 (unaudited)	Level 3 HK$'000 (unaudited)	Total HK$'000 (unaudited)
At 30 September 2013				
Assets				
Available-for-sales financial assets – Unlisted equity securities	–	–	3,250	3,250
Liabilities				
Promissory Note	–	–	3,450	3,450

	Level 1 HK$'000 (audited)	Level 2 HK$'000 (audited)	Level 3 HK$'000 (audited)	Total HK$'000 (audited)
At 31 March 2013				
Assets				
Available-for-sales financial assets – Unlisted equity securities	–	–	–	–
Liabilities				
Promissory Note	–	–	–	–

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Fair Value Estimation *(Continued)*

The fair value of the available-for-sale financial assets, unlisted equity securities, is determined based on the fair-value-less-cost-to-sell calculation of the investee company using a cash flow projection according to the financial budgets approved by the management for next 3 years, and adjusted for the lack of control and lack of marketability. 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 11.82%. The discounts for lack of control and lack of marketability are 10% and 15% respectively. The fair value measurement is negatively correlated to the discounts for the lack of control and lack of marketability. As at 30 September 2013, it is estimated that with all variables held constant, a decrease/increase in discounts for lack of control and lack of marketability by 10% respectively, would have increased/decreased the Group's total comprehensive income and equity by HK$750,000.

The movement during the period in the balance of Level 3 fair value measurements is as follows:

Available-for-sale financial assets	HK$'000 (unaudited)
At 1 April 2013	–
Purchase during the period	3,250
At 30 September 2013	3,250

Promissory Note	HK$'000 (unaudited)
At 1 April 2013	–
Issue during the period	3,359
Imputed Interest charged for the period	91
At 30 September 2013	3,450

During the six months ended 30 September 2013, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (2012: Nil). The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Fair Value Estimation *(Continued)*

As part of the consideration for the acquisition of China Coal on 16 April 2013, the Company issued a promissory note in principal amount of HK$4,000,000. The Promissory Note is unsecured, non-interest bearing and has maturity period of three years from the date of issue. The nominal value and fair value of the Promissory Note as at 16 April 2013 was HK$4,000,000 and HK$3,359,000 respectively. The fair value was determined based on the valuation using Hull White model with Trinomial Tree method carried out by Greater China Appraisal Limited ("Greater China"), an independent firm of professional valuers. The rate used to discount the future cash flows, effective interest rate, is 5.986%. The difference between the nominal value and fair value of the Promissory Note at 16 April 2013, the imputed interest, is to be charged to the income statement over a period of three years using the effective interest method.

The Promissory Note is subsequently measured at amortized cost using effective interest method with effective interest rate of 5.986%. Imputed interest of approximately HK$91,000 (six months ended 30 September 2012: HK$Nil) was recognised in the profit or loss in the current interim period. As at 30 September 2013, it is estimated that with all other variables held constant, a decrease in the effective interest rate by 1% per annum, would have decreased the profit or loss and increased the fair value of the Promissory Note by approximately HK$85,000; an increase in effective interest rate by 1% per annum, would have increased the profit or loss and decreased the fair value of the Promissory Note by approximately HK$81,000.

23. COMPARATIVE AMOUNTS

Segment results for the six months ended 30 September 2012 had been reclassified to conform with the presentation of the segment results for the financial year ended 31 March 2013.

During the year ended 31 March 2013, the Group re-assessed the useful life of the MTBE Sales Contract included in other intangible assets and its useful life is changed from a finite life to an indefinite life because the Group after the re-assessment considers that the MTBE 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 carrying value of the MTBE Sales Contract as at 31 March 2013 was determined to be approximately HK$11,895,000, comparative figure for the related amortization, deferred taxation and non-controlling interests for the six months ended 30 September 2012 has been restated accordingly.

23. COMPARATIVE AMOUNTS *(Continued)*

Details of the prior period restatement are as follows:

Unaudited condensed consolidated statement of Comprehensive Income	As previously reported HK$'000 (unaudited)	Restatement HK$'000 (unaudited) (Note)	As restated HK$'000 (unaudited)
Cost of Sale	(211,329)	2,383	(208,946)
Gross Profit	15,255	2,383	17,638
Profits before tax	1,891	2,383	4,274
Income tax expenses	(646)	(393)	(1,039)
Profits for the period	1,245	1,990	3,235
Profits for the period attributable to			
– Owners of the Company	1,249	1,790	3,039
– Non-Controlling interests	(4)	200	196
	1,245	1,990	3,235
Total comprehensive income for the period attributable to:			
– Owners of the Company	820	1,790	2,610
– Non-Controlling interests	(4)	200	196
	816	1,990	2,806
Earning per share			
– Basic and diluted (HK cents)	0.19	0.27	0.46

Note: The restatement represented the overstatement of amortisation of other intangible assets and its related effect on deferred taxation and non-controlling interest arising from the reassessment of useful life, which the facts and circumstances leading to the restatement existed as at 30 September 2012.

Apart from the restatement disclosed above, the following 30 September 2012 balance sheet items disclosed as comparatives in the unaudited condensed consolidated statement of change in equity are restated as follows:

	As previously reported HK$'000 (unaudited)	Restatement HK$'000 (unaudited) (Note)	As restated HK$'000 (unaudited)
Retained profits	84,825	1,790	86,615
Non-controlling interests	1,311	200	1,511
Total equity	391,407	1,990	393,397