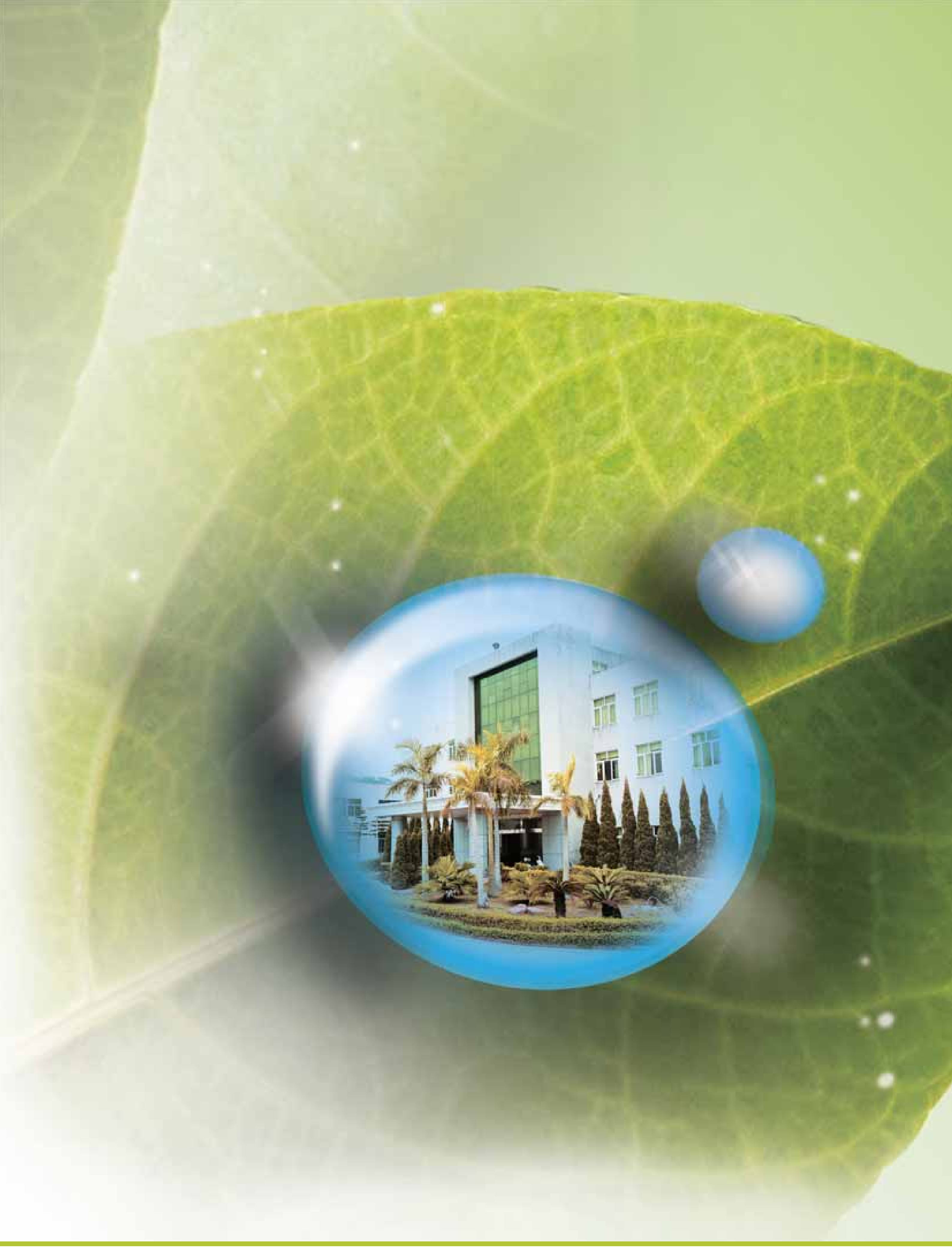
友川集團控股有限公司

NEWTREE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(A HKEX Listed Company Stock Code: 1323)

2013/2014 Annual Report 年報



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Corporate Information

BOARD

Executive Directors

Mr. Wong Wai Sing
(Chairman and Chief Executive Officer)
(redesignated from Vice-Chairman on 10 June 2013)
Mr. Chum Hon Sing *(Vice-Chairman)*
(redesignated from 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 *(Joint Chief Investment Officer)*
(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)

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

Mr. Kwok Kam Tim *(Chairman)*
Mr. Kinley Lincoln James Lloyd
Dr. Hui Chik Kwan
Mr. Wang Junqiang

Nomination Committee

Mr. Kwok Kam Tim *(Chairman)*
Mr. Kinley Lincoln James Lloyd
Dr. Hui Chik Kwan
Mr. Wang Junqiang

Company Secretaries

Mr. Tsang Ho Ka, Eugene,
AICPA, ATIHK, AMA, BCom(UNSW), CPA (Aust.), CPA, CTA, MHKIoD, MHKMIPA
Mr. Cheng Man Wah
(appointed on 28 February 2014)
Mr. Chan Shiu Yuen, Sammy
(resigned on 28 February 2014)

Authorised Representatives

Mr. Tsang Ho Ka, Eugene
Mr. Cheng Man Wah
(appointed on 28 February 2014)
Mr. Chan Shiu Yuen, Sammy
(resigned on 28 February 2014)

Principal Bankers

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

Registered Office

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

Corporate Information

Headquarter

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

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 Branch Share Registrar and Transfer Office

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

Auditor

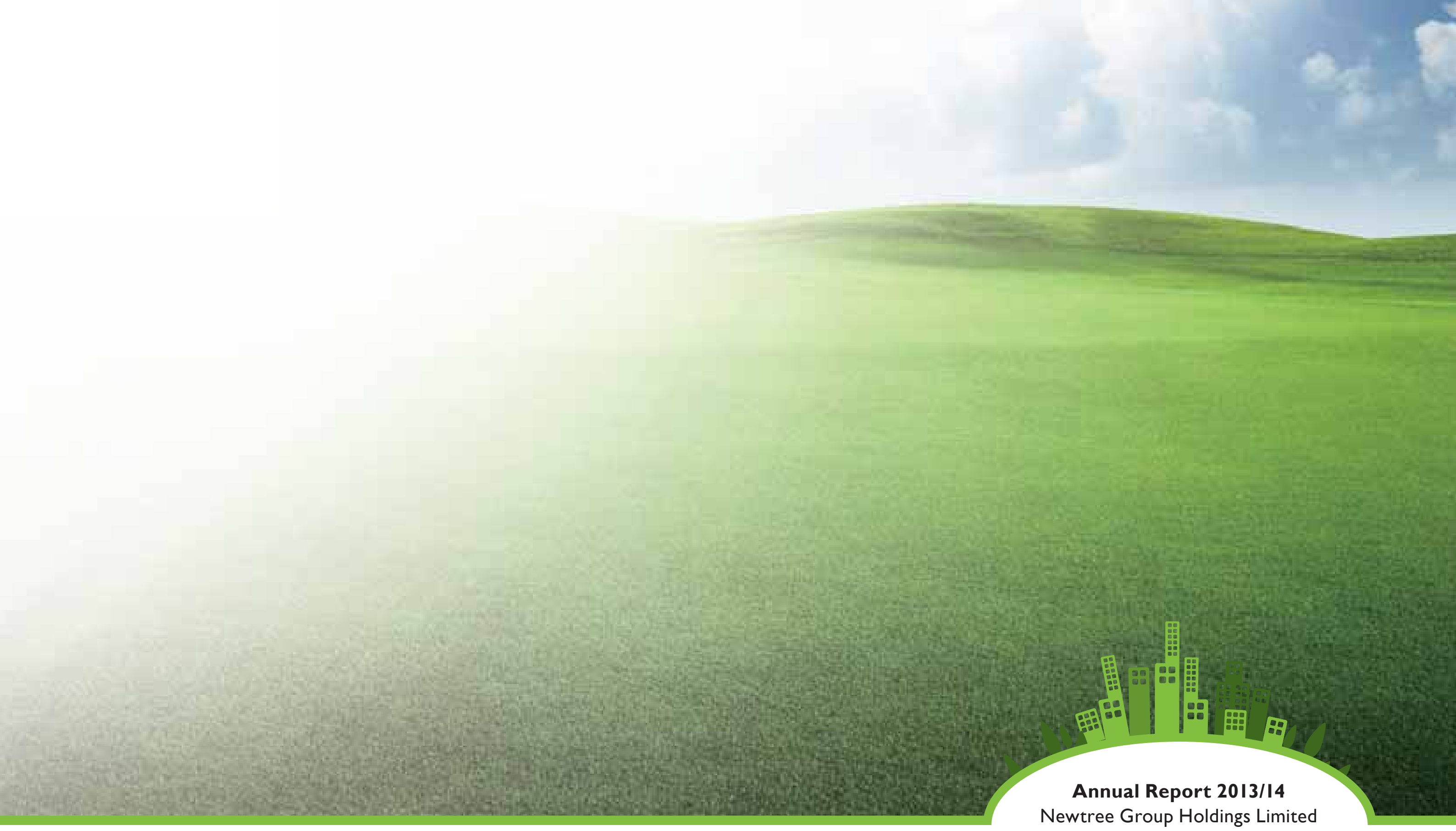
BDO Limited
25/F, Wing On Centre
111 Connaught Road Central
Hong Kong

Company Website

www.newtreegroupholdings.com

Stock Code

1323



Chairman's Statement

Chairman's Statement

On behalf of the board (the "Board") of directors (the "Directors") of Newtree Group Holdings Limited (the "Company"), I am pleased to present to you the audited annual results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2014.

Results of the Group

During the year under review, the Group recorded a revenue of HK$581.3 million (2013: HK$565.2 million), representing a slightly increase of 2.9% as compared to the same period of last year. The increase was due to the contribution from the newly acquired Coal Business but partially offset from the drop of revenue from the Hygienic Disposables Business. The net loss attributable to the owner of the Company for the current year amounted to HK$137.1 million as compared to a profit of HK$6.6 million last year, resulted in a basic loss per share this year of HK$19.10 cents (2013: basic earnings per share of HK$0.99 cents). The loss was mainly due to the decrease in revenue and gross profit margin from the Hygienic Disposables Business, cessation of patent and service income in financial year 2014, increase in legal and professional fee in relation to the Group's acquisition activities and the impairment losses on available-for-sale financial assets, property, plant and equipment, other intangible assets and trade and other receivables.

Dividend

The Directors do not recommend for payment of a final dividends for the year ended 31 March 2014.

Prospects

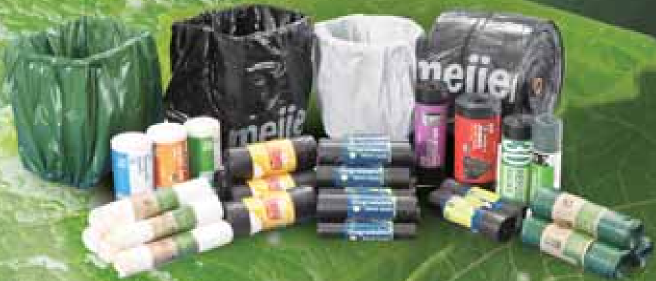
Looking ahead, we believe that challenges and opportunities continue to coexist. In the coming year, the Group will continue to improve the production and operation efficiency of the Hygienic Disposables Business. The Group is relatively optimistic on the MTBE Business, Coal Business and Household Consumables Business on the long-term prospects. We will continue to identify business opportunities to extend our business model to maximize the benefit of our shareholders.

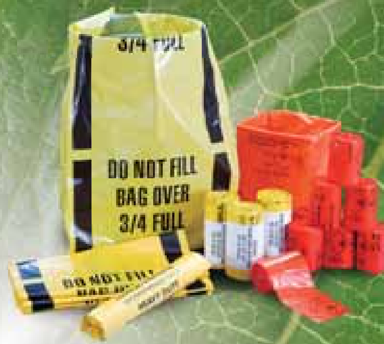
Appreciation

I would like to take this opportunity to thank all shareholders, investors, business associates, suppliers and customers for their continuous support to the Group, and to my fellow directors and all staff members for their hard work and contribution and looking forward for the same could extent to the Group in the coming year.

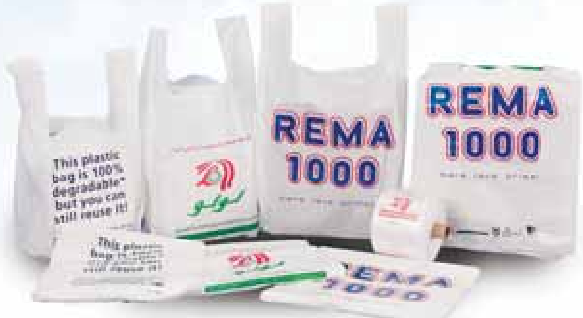
Mr. Wong Wai Sing
Chairman

27 June 2014





Management Discussion and Analysis



Business and Financial Review

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

For the year under review, the Group recorded a net loss attributable to the owners of the Company (including non-cash impairment losses on available-for-sale financial assets, property, plant and equipment, other intangible assets and trade and other receivables totalling to approximately HK$71.0 million) of approximately HK$137.1 million (2013: net profit attributable to owners of the Company of approximately HK$6.6 million).

Revenue

The Group's revenue increased by HK$16.1 million or 2.9% from HK$565.2 million for the year ended 31 March 2013 to HK$581.3 million for the corresponding period in 2014.

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 2014, with comparative figures for the corresponding period in 2013.

	2014 HK$'000	**2014 %**	2013 HK$'000	2013 %
By Segment:				
– Hygienic Disposables Business	**186,799**	**32.1**	380,655	67.4
– MTBE Business	**185,527**	**31.9**	105,149	18.6
– Coal Business	**131,654**	**22.7**	–	–
– Household Consumables Business	**77,291**	**13.3**	79,348	14.0
Total	**581,271**	**100.0**	565,152	100.0
By geographical locations:				
People's Republic of China	**317,181**	**54.6**	165,599	29.3
United Kingdom	**202,733**	**34.9**	208,836	36.9
Norway	**37,989**	**6.5**	69,620	12.3
United States of America	**19,307**	**3.3**	119,066	21.1
Singapore	**2,719**	**0.5**	–	–
Sweden	**–**	**–**	1,321	0.2
Others	**1,342**	**0.2**	710	0.2
	581,271	**100.0**	565,152	100.0

Business and Financial Review *(Continued)*

Revenue *(Continued)*

The Group's revenue on the Hygienic Disposables Business decreased by HK$193.9 million or 50.9% from HK$380.7 million for the year ended 31 March 2013 to HK$186.8 million for the corresponding period in 2014 mainly due to the decrease in demand for the hygienic disposables products and loss of a major customer. Revenue for MTBE Business increased by HK$80.4 million or 76.4% from HK$105.1 million for the year ended 31 March 2013 to HK$185.5 million for the corresponding period in 2014 as the revenue for the year ended 31 March 2013 consists of a combination of agency and trading income from MTBE products while the revenue for the year ended 31 March 2014 was solely trading income from MTBE products. As the Coal Business was newly acquired in April 2013, no comparative figures are shown. The revenue on the Household Consumables Business decreased by HK$2.1 million or 2.6% from HK$79.3 million for the year ended 31 March 2013 to HK$77.2 million for the corresponding period in 2014.

Cost of sales

Cost of sales increased by 5.6% from HK$530.1 million for the year ended 31 March 2013 to HK$559.7 million for the corresponding period in 2014. The increase was mainly due to the increase in revenue and the increase in labour and raw material costs.

Gross profit and gross profit margin

Gross profit decreased by HK$13.6 million or 38.6% from HK$35.1 million for the year ended 31 March 2013 to HK$21.5 million for the corresponding period in 2014. The Group's gross profit margin on Hygienic Disposables Business decreased from 5.7% for the year ended 31 March 2013 to 1.3% for the corresponding period in 2014 primarily as a result of the drop in sales volume and the increase in labour and raw material costs. The gross profit margin on MTBE Business decreased from 4.0% for the year ended 31 March 2013 to 2.4% for the corresponding period in 2014 mainly because the gross profit for the year ended 31 March 2013 comprise of profit from agency income and trading income of MTBE products compare to solely trading income for the corresponding period in 2014. The gross profit margin for the Coal Business was 3.8% for the year ended 31 March 2014 and since the Coal Business was newly acquired during the year, no comparative figures are shown. The gross profit margin for the Household Consumables Business slightly increased from 11.6% for the year ended 31 March 2013 to 12.6% for the corresponding period in 2014.

The following table sets forth the Group's gross profit and the gross profit margin by business segment for the year ended 31 March 2014, with comparative figures for the corresponding period in 2013.

	Year ended 31 March			
	2014 HK$'000	**2014 %**	2013 HK$'000	2013 %
By segment:				
– Hygienic Disposables Business	**2,400**	**1.3**	21,630	5.7
– MTBE Business	**4,398**	**2.4**	4,197	4.0
– Coal Business	**5,035**	**3.8**	–	–
– Household Consumables Business	**9,709**	**12.6**	9,234	11.6
	21,542	**3.7**	35,061	6.2

Business and Financial Review *(Continued)*

Other income

Other income mainly consists of service income and interest income. Other income decreased by HK$37.4 million or 96.9% from HK$38.6 million for the year ended 31 March 2013 to HK$1.2 million for the corresponding period in 2014 mainly due to the decrease of service income from the Hygienic Disposable Business; and cessation of earning patent income and other interest income in 2014.

Other gains and losses

For the year ended 31 March 2014, the other gains and losses mainly comprises of (i) exchange losses of HK$1.4 million, (ii) impairment loss on available-for-sale financial assets of HK$1.1 million due to the significant decline in fair value below cost which indicated that the investment cost in 10% equity interest in China Energy Trading Company Limited may not be recovered, (iii) impairment loss on property, plant and equipment of HK$5.4 million mainly due to a segmental loss in the segment of Hygienic Disposables Business of which the net carrying amount of the property, plant and equipment relating to this segment were written down to its recoverable amount resulting an impairment loss, (iv) impairment loss on other intangible assets of HK$8.5 million due to the result of impairment assessment of the coal sales contracts, for the Coal Business, included in other intangible assets and (v) impairment loss recognised on trade and other receivables of HK$56.0 million from long outstanding customer balances, while for the corresponding year in 2013, the other gains and losses mainly comprises of exchange losses of HK$0.4 million, impairment losses on trade and other receivables of HK$1.0 million and partial offset by a gain on disposal of financial assets of HK$0.7 million.

Further details in relation to the above impairment losses are discussed under heading "Impairments".

Selling and distribution expenses

Selling and distribution expenses mainly consist of transportation expenses, custom and inspection fee and commission paid to sales agents. The selling and distribution expenses slightly decrease by HK$0.2 million or 2.4% from HK$8.9 million for the year ended 31 March 2013 to HK$8.7 million for the corresponding period in 2014 mainly due to the decrease in sales volume for the Hygienic Disposable Business partly offset by the increase in agency and freight charge for the newly acquired Coal Business.

Administrative expenses

Administrative expenses mainly consists of salaries (including directors), depreciation of property, plant and equipment in relation to administrative function, consultancy fee, travelling and management fee paid for the MTBE and Coal Business. The administrative expenses increased by HK$15.3 million or 28.6% from HK$53.4 million for the year ended 31 March 2013 to HK$68.7 million for the corresponding period in 2014 mainly due to the increase in (i) staff salaries of approximately HK$3.6 million, (ii) depreciation charge on property, plant and equipment of approximately HK$1.0 million, (iii) consultancy fee on acquisition and corporate advisory services of approximately HK$9.8 million and (iv) rental charges of approximately HK$1.4 million.

Business and Financial Review *(Continued)*

Finance Costs

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

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 increased by HK$9.1 million or 537.8% from HK$1.7 million for the year ended 31 March 2013 to HK$10.8 million for the corresponding period in 2014 mainly due to the acquisition of the Coal Business and the potential acquisition of the gold mine in PRC.

(Loss) profit before tax

The Group recorded a loss before tax (including non-cash impairment losses on available-for-sale financial assets, property, plant and equipment, other intangible assets and trade and other receivables totalling to approximately HK$71.0 million) of HK$138.1 million during the year ended 31 March 2014 (as compared to profit before tax of HK$9.1 million during the year ended 31 March 2013), the loss in 2014 was mainly due to the substantial decrease in gross profit and other income of HK$13.6 million and HK$37.4 million, increase in other gains and losses, administrative expenses, other expenses and finance costs of HK$71.8 million, HK$15.3 million, HK$9.1 million and HK$0.2 million respectively, which was partially offset by the decrease in selling and distribution expenses of HK$0.2 million.

Income tax (credit) expenses

The Group recorded a tax credit of HK$0.7 million during the year ended 31 March 2014 (as compare to the tax expenses of HK$2.3 million during the year ended 31 March 2013). There was no significant change in applicable tax rates for 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% (2013: 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% (2013: 25%). 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 and impairment loss on other intangible assets increased from HK$0.5 million for the year ended 31 March 2013 to HK$1.8 million in the corresponding period in 2014 and the decrease in income tax for the Group from HK$2.8 million for the year ended 31 March 2013 to HK$1.1 million for the corresponding in 2014.

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

Total comprehensive income for the year attributable to owners of the Company decrease by HK$140.2 million from an income of HK$5.8 million for the year ended 31 March 2013 to loss of HK$134.4 million for the corresponding period in 2014.

Business and Financial Review *(Continued)*

Trade receivables

The amount of trade receivable before allowance for bad and doubtful debts amounted to HK$363,388,000 at 31 March 2014, increased by 47.7% as compared to HK$245,975,000 at 31 March 2013. The increase was mainly attributable to the newly acquired Coal Business and MTBE business, leading to the increase in revenue from these two businesses. During the year, allowance for bad and doubtful debts of HK$51,043,000 was made during the year as compared to an allowance of HK$182,000 in 2013. For long outstanding receivables, the follow up actions by which the Group will take to recover these receivables, include the negotiation of payments by way of assets other than cash and/or instituting legal actions against these customers to recover the receivables.

In respect of the trade receivables as 31 March 2014, approximately 17.1% has been subsequently settled up to 9 June 2014.

Trade payables

Trade payable increased by 110.0% from HK$95,780,000 as at 31 March 2013 to HK$201,121,000 as at 31 March 2014. The increase was mainly come from the increase in revenue for the MTBE Business and the newly acquired Coal Business.

Results of performance guarantees on acquisitions

On 16 April 2013, the Group had completed the acquisition of the Coal Business and under the acquisition, the vendor has irrevocably guaranteed 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 April 2013 to 31 March 2014 shall be not less than HK$4,000,000 (the "Guaranteed Profit") and on 12 June 2014, the auditor of the Company had issued a written confirmation certifying that the Guarantee Profit has been fulfilled.

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 2014 was 2.4 (as at 31 March 2013: 3.8). The gearing ratio as at 31 March 2014 was 2.7% (as at 31 March 2013: 2.3%), calculated as 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 arises. Certain monetary financial assets are denominated in foreign currencies as at 31 March 2014. The exposure in exchange rate risks mainly arose from fluctuations of United States 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.

Business and Financial Review *(Continued)*

Currency and interest rate exposure *(Continued)*

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.

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.

Charge on Assets

A bank deposit of HK$7.8 million and certain leasehold land and buildings with carrying value of HK$13.6 million (as at 31 March 2013: a bank deposit of HK$7.8 million and certain leasehold land and buildings with carrying value of HK$14.2 million) have been pledged as securities for certain banking facilities granted to the Group.

Contingent Liabilities

As at 31 March 2014, 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:

	2014 **HK$'000**	2013 HK$'000
Contracted but not provided for in the consolidated financial statements for acquisition of subsidiaries	**–**	42,590

(b) Operating Lease Commitments

The Group as lessee:

The Group made minimum lease payments of approximately HK$3,467,000 (2013: HK$2,096,000) under operating leases in respect of office premises, directors' quarter, car-parking space and warehouse 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:

	2014 **HK$'000**	2013 HK$'000
Within one year	**7,356**	4,975
In the second to fifth years inclusive	**10,634**	3,122
	17,990	8,097

Included in the above operating lease commitments of the Group and the Company is an aggregate amount of HK$2,908,000 relating to a non-cancellable lease of office premises with original expiry date on 31 May 2015. On 6 June 2014, the Company has entered into an agreement with the landlord to early surrender the premises on 15 July 2014.

Material Acquisition and Disposal

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 nominal consideration of HK$4,100,000. The consideration was settled by the Company's issue of 2,500,000 new shares (the "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 was settled by the Company's issue of 1,518,292 new Shares, 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 was settled by the Company's issue of a promissory note in the principal amount of HK$4,000,000 in favour of Mr. Woo; (ii) HK$3,240,000 was settled by cash by the Group; and (iii) HK$28,760,000 was settled by the Company's issue of 17,536,585 new Shares, 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.

Placement of new Shares under General Mandate

On 25 June 2013, 40,000,000 new Shares were placed to Mr. Lau Yu under general mandate, pursuant to the placing agreement entered into on 3 June 2013 and the supplemental placing agreement entered into on 14 June 2013. The Directors consider that the placing represents a good opportunity to raise additional funds to finance the potential acquisition activities as identified by the Group from time to time and to broaden the Company's shareholder base, accordingly, the Directors consider that the placing was in the interests of the Company and the shareholders as a whole. The net proceeds from the placing of shares were HK$81.9 million of which (i) approximately HK$30.1 million had been paid to an independent third party supplier for deposit (the "Supplier Deposit") on equipment items for the Hygienic Disposables Business, subsequent to the end of the report period, the entire deposit has been refunded by the supplier; (ii) approximately HK$10.0 million had been used for the payment of legal and professional fees in relation to the potential acquisitions; (iii) approximately HK$10.0 million had been used for the payment of consultancy fee in relation to potential acquisitions and corporate advisory services; (iv) approximately HK$5.0 million had been used for the payment of referral fee for the potential acquisitions and (v) approximately HK$9.0 million had been used for the payment of Directors' and senior managements' salaries up to 31 March 2014.

Impairments

During the year, the Group had the following impairments:

(i) impairment loss on available-for-sale financial assets of HK$1.1 million due to the significant decline in fair value below cost which indicated that the investment cost in 10% equity interest in China Energy may not be recovered. The fair value of the available-for-sale financial assets, unlisted equity securities, is determined based on an income approach 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 projection period are extrapolated using an estimated growth rate of 2.8%. The rate used to discount the forecast cash flows is 12.69%. 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;

Impairments *(Continued)*

(ii) impairment loss on property, plant and equipment of HK$5.4 million mainly due to a segmental loss in the Hygienic Disposables Business, The recoverable amount of property, plant and equipment has been determined to be approximately HK$22.4 million with reference to a professional valuation report issued by Greater China Appraisal Limited ("GCA"), an independent firm of professionally qualified valuers, which was based on a value-in-use calculation, using cash flow projection based on estimates and financial budgets approved by the management. These projections cover a five-year period and extrapolate cash flows beyond such projection period using an estimated growth rate of 2.8%, and have been discounted using a pre-tax discount rate of 19.79%. All of the assumptions and estimations involved in the preparation of the cash flow projection including budgeted gross margin, discount rate and growth rate are determined by the management of the Group based on past performance, experience and their expectation for market development. In view of the net carrying amount of property, plant and equipment being higher than the net present value of the future estimated cash flows of this Cash Generating Units ("CGU"), the property, plant and equipment relating to this CGU were written down to its recoverable amount, with an impairment loss of approximately HK$5.4 million, mainly arising from the above impairment review, recognised in profit or loss under other gains and losses in the current year;

(iii) impairment loss on other intangible assets of HK$8.5 million due to the impairment assessment of the Coal Sales Contracts included in the other intangible assets. The recoverable amount of this unit has been determined to be approximately HK$44.0 million (including working capital) based on a fair-value-less-costs-of-disposal calculation with reference to a professional valuation performed by GCA. That calculation covered a period estimated by the Group to be indefinite as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a two-year period. Cash flow beyond the projection period are extrapolated using an estimated growth rate of 2.8%. The post-tax rate used to discount the forecast cash flows is 12.61%. The basis used to determine the value assigned to the growth in revenue and the budgeted gross margins is the management's expectation of market development and future performance of the this CGU. The discount rate used reflects specific risks relating to industries in relation to this CGU. The Group is of the opinion, based on the impairment assessment of the Coal Business CGU, the Coal Sales Contract included in other intangible assets is partially impaired by the amount of HK$8.5 million as compared with its recoverable amount as at 31 March 2014 and was charged to profit or loss under other gains and losses in the current year. The above impairment losses are mainly attributable to (i) unfavorable changes in the estimated risk-free rate and (ii) changes in risks associated with the business and operations of the Coal Business CGU between the date of acquisition and 31 March 2014; and

The recoverable amount was based on the fair-value-less-costs-of-disposal calculation of the Coal Business CGU determined by income approach using discounted cash flow projections. The fair-value-less-costs-of-disposal is classified as a Level 3 measurement.

(iv) impairment loss recognised on trade and other receivable of HK$56.0 million on several customers and companies as these customers and companies were in financial difficulties or have prolonged delay in repayment and the Group considered that the recoverability of amount due from these customers and companies is remote.

Significant events after the reporting period

(a) 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 in Goldbell Holdings Limited, a company principally engaged in mining, processing, smelting and trading of gold in Gansu Province, the PRC through its subsidiaries. The Directors consider that the Possible Acquisition, if materialised, represents a good opportunity for the Group to diversify its business and develop a new revenue stream.

Further details are set out in the Company's announcements dated 29 May 2013, 24 September 2013, 31 December 2013, 28 March 2014 and 30 April 2014. At 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 14 May 2014 with the placing agent pursuant to which the placing agent has conditionally agreed with the Company to place up to 31,840,000 placing shares of the Company on a best effort basis to not less than six placees who are independent third parties at the placing price of HK$2.45 per placing share. The placing was completed on 6 June 2014 and a total of 23,700,000 placing shares was issued and allotted. Further details are set out in the announcements of the Company dated 14 May 2014 and 6 June 2014.

(c) Issue of HK$100,000,000 guaranteed convertible bonds due 2016

On 11 June 2014, the Company and Fulledge Limited ("Fulledge") as subscriber, an independent third party, entered into a subscription agreement pursuant to which Fulledge has conditionally agreed to subscribe for, and the Company has agreed to issue, the convertible bonds in the aggregate principal amount of HK$100,000,000. The convertible bonds shall bear interest at the rate of 8% per annum. The convertible bonds shall be mature on the date falling two years from the date of the issue, and the Company will redeem the outstanding convertible bonds at 124% of its principal amount on the maturity date. The conversion price is HK$3.20 per share and subject to adjustments. The issue of the convertible bonds has been completed on 19 June 2014. Further details are set out in the Company's announcement dated 11 June 2014.

Human Resources

The number of employees of the Group as at 31 March 2014 was approximately 153 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

In the coming year, more effort and resources will be employ in order to improve the market share and performance of this business segment despite of the unfavourable United States and European market.

MTBE business

In the coming year, the MTBE Business will continue to be a major business segment for the Group in term of revenue and income generation. Experiences gained from past trading history enable us to have expansion in the business segment.

Coal business

The newly acquired business segment provides a chance to diversify the Group's business area and we foresee a reasonable growth in this business segment in the coming year.

Household consumable business

The business segment continues to be the platform for the expansion of the European market and from the past trading records, we expect a steady growth in the coming year.

As part of the business plan of the Group, the Board will continue to explore business opportunities which could bring in benefit to the Group and its shareholders.

Executive Directors

Mr. Wong Wai Sing ("Mr. Wong"), aged 28, an executive Director, chairman and chief executive officer of the Company and jointed the Company since October 2011. 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 an 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. Wong owns 50% shareholding in Twin Star Global Limited ("Twin Star"), a shareholder of the Company holding 203,622,000 Shares and 145,566,000 Shares as at 31 March 2014 and as at the date of this annual report respectively.

Mr. Chum Hon Sing ("Mr. Chum"), aged 35, an executive Director and vice-chairman of the Company and joined the Company since June 2010. 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. Mr. Chum was the executive director of Rising Power Group Holdings Limited (the "Rising Power") (*proposed to be renamed as Sky Forever Supply Chain Management Group 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) from July 2013 – December 2013. Mr. Chum owns 50% shareholding in Twin Star, a shareholder of the Company holding 203,622,000 Shares and 145,566,000 Shares as at 31 March 2014 and as at the date of this annual report respectively.

Executive Directors *(Continued)*

Mr. Lee Chi Shing, Caesar ("Mr. Lee"), aged 50, is an executive Director and joined the Company since October 2011. 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 (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 respectively.

Mr. Tsang Ho Ka, Eugene ("Mr. Tsang"), aged 32, an executive Director, and joint company secretaries and authorised representatives of the Company. Mr. Tsang joined the Company since April 2012. 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 11 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 Maxitech International Holdings Limited (now named as 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 (stock code: 183) in March 2007. Mr. Tsang is also a non-executive director and vice-chairman of the Ming Kei, the non-executive director of Rising Power and the independent non-executive director of Mitsumaru East Kit (Holdings) Limited (*to be renamed as Jiu Rong Holdings Limited)*, a company incorporated in Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2358) with effect on 1 July 2014.

Executive Directors *(Continued)*

Ms. Sung Ting Yee ("Ms. Sung"), aged 39, an executive Director and joined the Company since April 2012. Ms. Sung holds a master's 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 CPA 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 after her term of service. Prior to join to the Company, Ms. Sung was a finance manager of China Mining Resources Group Limited (stock code: 340), a company listed on the Main Board. Ms. Sung was the executive director and finance director of Rising Power. Ms. Sung is the company secretary and the chief financial officer of Colors Securities Limited and Colors Commodities Limited, both of which are companies principally engaged in the provision of financial services. Ms. Sung is also the chief financial officer of Colors Finance Limited, a licensed company engaged in money lending business in Hong Kong. Ms. Sung was re-designated from her position as a group financial controller to the chief financial officer and chief investment officer of Ming Kei with effect from 2 July 2013.

Ms. Yick Mi Ching, Dawnibilly ("Ms. Yick"), aged 54, an executive Director and joined the Company since June 2012. Ms. Yick 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 20 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.

Ms. Lu Ying ("Ms. Lu"), aged 46, an executive Director and joined the Company since July 2013. Ms. Lu holds a diploma in management from The China Europe International Business School (中歐國際工商學院) and a bachelor's degree of electrical engineering from the Zhejiang University, the People's Republic of China (the "PRC") (浙江大學). Ms. Lu has extensive experiences in power and automation technologies' industries, Ms. Lu held a managerial position in different multinational companies specialized in the power and automation technologies' industries, such as ROSE Power Transmission Technology Co., Limited (the joint venture of Rongxin Power Electronics Company Limited and Siemens Limited, the PRC), Gilbarco China Company Limited, Veeder-Root Petroleum Equipment (Shanghai) Company Limited, and Asea Brown Boveri (China) Investments Limited. Ms. Lu is currently the general manager of the Greater China Region of Polaris Industries Inc., the PRC.

Mr. Chan Kin Lung ("Mr. Chan"), aged 45, an executive Director and joined the Company since October 2013. Mr. Chan holds a bachelor's degree of Management of the Economy (#經濟管理) from the Air Force Engineering University of People's Liberation Army, the People's Republic of China (the "PRC") (#中國人民解放軍空軍工程大學) and holds a diploma of Senior Energy Audit Valuer (#能源審計評估師(高級)) from the Ministry of Human Resources and Social Security of the PRC (#中華人民共和國人力資源和社會保障部). Mr. Chan has over 7 years of experiences in the coal mining industry (being both open-pits and undergrounds respectively), exploration, exploitation, production in the Xinjiang Uyghur Autonomous Region, the PRC and the Guizhou Province, the PRC. Mr. Chan also has over 10 years of experience in corporate management, over the past years he adopted a proactive management approach and delivered an outstanding performances in various areas, specifically in the areas of corporate managements and providing mining's technical supports and solutions to the senior managements.

Directors and Senior Management

Independent Non-Executive Directors

Mr. Kwok Kam Tim ("Mr. Kwok"), aged 37, was appointed as independent non-executive Director since 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 12 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 and the Rising Power.

Mr. Kinley Lincoln James Lloyd ("Mr. Kinley"), aged 36, was appointed as independent non-executive Director since 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 11 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 in an independent non-executive director of the Rising Power and was an independent non-executive director of Ming Kei from November 2009 – August 2012. Mr. Kinley is currently a solicitor in a Hong Kong law firm.

Dr. Hui Chik Kwan ("Dr. Hui"), aged 40, was appointed as independent non-executive Director since 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 15 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.

Independent Non-Executive Directors *(Continued)*

Mr. Wang Junqiang ("Mr. Wang"), aged 42, was appointed as an independent non-executive Director since July 2013, Mr. Wang holds a bachelor's degree in the school of mines (採礦工程系) majoring in open-pit mine (露天開採) from the China University of Mining and Technology (中國礦業大學), PRC and a master of logistics and domain engineering (物流領域工程) from the China University of Mining and Technology (中國礦業大學), PRC. Mr. Wang has extensive experiences in the mine's exploration, exploitation, production and technology innovation. Mr. Wang is actively engaging in the collaborative research.

Mr. Wang is currently the deputy general manager and the chief engineer of the Lingbao Gold Company Limited (stock code: 3330), a joint stock limited company established in the PRC, which the H shares are listed on the main board of the Stock Exchange.

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. Cheng Man Wah ("Mr. Cheng"), aged 33, has joined the Group and was appointed as joint company secretary since February 2014. Mr. Cheng graduated from The Hong Kong Polytechnic University in 2003 with Bachelor of Arts degree in accountancy. Mr. Cheng is a CPA of the HKICPA, a fellow member of the ACCA, an ordinary member of Hong Kong Securities and Investment Institute, and a member of The Hong Kong Institute of Directors. Mr. Cheng has 11 years of experience in corporate finance and compliances matters for the listed companies in Hong Kong. Mr. Cheng has worked for PricewaterhouseCoopers and Golden Resources Development International Limited (stock code: 677) for the period from 2007 to 2009. Mr. Cheng then joined as a financial controller from 2010 to 2012 for Powerwell Pacific Holdings Limited (stock code: 8265) whose shares were successfully listed on the GEM since January 2011. Mr. Cheng then worked for Strong Petrochemical Holdings Limited (stock code: 852) as chief financial officer and company secretary, and Pearl River Tyre (Holdings) Limited (stock code: 1187) as the joint company secretary in 2012 and 2013 respectively. Mr. Cheng has joined Ming Kei since August 2012 as chief financial officer and joint company secretary and currently works as a company secretary since from 2 July 2013.

Senior Management

Mr. Wong is a member of senior management of the Company. For details of his biography, please refer to the paragraph headed "Executive Directors" in this section.

Mr. Chan Shiu Yuen Sammy, aged 50, has joined our Group since December 2009 and is the chief financial officer 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 19 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. Woo Man Wai, **David**, aged 46, holds a bachelor's degree of arts (Honours) in the international business from the City University of Hong Kong. Mr. Woo has over 22 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.

The Company and the Board are devoted to achieve and promote a high 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.

Throughout the year, the Company has fully compliant with all the code provisions contained in Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules, with the exception of the following deviations:

Code provision A.1.3

The code provision A.1.3 of the CG Code stipulates that 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.2.1

The code provision A.2.1 of the CG Code stipulates that 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 continue to review this arrangement going forward in light of the evolving needs of the Group.

Code provision A.4.1

The code provision A.4.1 of the CG Code stipulates that the non-executive directors should be appointed for a specific term, subject to re-election.

The non-executive Directors were not appointed for a fixed term, but they are subject to retirement for re-election as stipulates in the articles of association (the "Articles") of the Company at least once every three years. Therefore, the Company has adopted adequate measures to ensure the corporate governance of the Company complies with the same level to that required under the CG Code.

Code provision A.6.7

Code provision A.6.7 of the CG Code 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, the independent non-executive directors 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 independent non-executive director 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 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

The code provision A.7.1 of the CG Code 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

The code provision E.1.2 of the CG Code 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 executive 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.

The Company has 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. The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code throughout the year ended 31 March 2014.

Board

Responsibilities

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and the Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs and overseeing the achievement of strategic plans to enhance shareholders' value. The Directors are expected to make decisions objectively in the interests of the Company.

Generally, the Board is responsible for all major aspects of the affairs of the Company, including:

- formulation of overall strategies and review of its financial performance and results and the internal control systems;
- policies relating to key business and financial objectives of the Company;
- material transactions, including acquisition, investment, disposal of assets or capital expenditure;
- appointment, removal or reappointment of Board members and auditor;
- communication with key stakeholders, including shareholders and regulatory bodies; and
- recommendation to shareholders on final dividend and the declaration of any interim dividends.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor and disclose with reasonable accuracy the financial position of the Group. The Board updates Shareholders on the operations and financial position of the Group through interim and annual reports and results announcements as well as the publication of timely reports and announcements of inside information and other disclosure required as prescribed by the relevant laws, rules and regulations.

Board *(Continued)*

Responsibilities *(Continued)*

Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expense of the Company.

All Directors, including independent non-executive Directors assume the responsibilities to the Shareholders for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

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. The day-to-day management, administration and operation of the Company are delegated to the chief executive officer (the "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.

As at 31 March 2014, Mr. Wong Wai Sing is the chairman of the Board and CEO of the Company and an executive Director. While this is a deviation from the Code, dual role leadership provides the Group with a strong and consistent leadership and allows for more effective operation of the business. The Board is of the view that there is adequate balance of power. Responsibilities for the Company's daily business management are shared amongst Mr. Wong and other members of the Board. Besides, all major decisions are made in consultation with member of the Board and appropriate committees of the Board in accordance with the provisions of the code on internal control 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.

Board *(Continued)*

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.

Biographical details of the Directors are shown on pages 18 to 22 and set out on the websites of the Company. On 4 October 2013, the latest List of Directors and their Role and Function was published both on the websites of the Company and the Stock Exchange. As at 31 March 2014 the Board comprises eight 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, Ms. Yick Mi Ching, Dawnibilly, Ms. Lu Ying and Mr. Chan Kin Lung and four independent non-executive Directors, namely Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd, Dr. Hui Chik Kwan and Mr. Wang Junqiang.

The Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive 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 2014.

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.

Non-Executive Directors

The Company has four independent non-executive Directors, namely Mr. Kwok, Mr. Kinley, Dr. Hui and Mr. Wang. The non-executive Directors advise the Company on strategic and critical matters. The Board considers that each non-executive Director brings his/her own senior level of experience and expertise to the constructive functioning of the Board. To this end, regular informal meetings are held between the executive Directors and non-executive Directors. The Chairman held meetings with the non-executive Directors at least annually without the executive Directors present, to evaluate the functioning of the Board.

None of the non-executive Directors have been appointed for a specific term of service, subject to re-election but they are subject to the retirement by rotation and re-election of Directors in the Articles, which require one-third of the Directors in office to retire from office by rotation and re-election at each annual general meeting.

Each of the independent non-executive Director has made written annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines as set out in the Rule 3.13 of the Listing Rules that could materially interfere with the exercise of their judgment.

Appointment, Re-Election and Removal

The Articles 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.

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 2014, 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 43 to 44 of this annual report.

Induction and Continuous Professional

Each newly appointed Director receives 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.

The Company provided continuous professional training and Directors received regular updates and presentations on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates from time to time. In addition, all Directors were requested to provide the Company with the records of the other training they received. All Directors are also encouraged to attend relevant training courses at the Company's expense. During the year, the Company has applied and paid for several external seminars and training sessions held by external professional parties for Directors.

The Directors acknowledge the need for continuous professional development so that they can continue contributing to the Company, and the Company provides support whenever relevant and necessary.

Board and General Meeting

The Board meets at least four times each year and more frequently as the needs of the business demand. The Company's memorandum of association and the Articles provide for participation at meetings via telephone and other electronic means. Apart from the Board meetings, the Board would from time to time devote separate sessions to consider and review the Group's strategy and business activities. 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 26 meetings and passed 1 written resolution during the year ended 31 March 2014 with the attendance of each Director as follows:

Directors	Number of meetings attended/ Eligible to attend	
	Board meetings	General meetings
Executive Directors:		
Mr. Wong Wai Sing *(Chairman)*	23/26	0/2
Mr. Chum Hon Sing *(Vice-Chairman)*	21/26	0/2
Mr. Lee Chi Shing Caesar	22/26	0/2
Mr. Tsang Ho Ka, Eugene	26/26	2/2
Ms. Sung Ting Yee	26/26	2/2
Ms. Yick Mi Ching, Dawnibilly	23/26	1/2
Ms. Lu Ying [Note 1]	9/12	0/1
Mr. Chan Kin Lung [Note 2]	5/7	N/A
Independent Non-Executive Directors:		
Mr. Kwok Kam Tim	18/26	2/2
Mr. Kinley Lincoln James Lloyd	22/26	0/2
Dr. Hui Chik Kwan	22/26	0/2
Mr. Wang Junqiang [Note 1]	9/12	0/1

Notes:

1 Appointed on 3 July 2013

2 Appointed on 4 October 2013

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, 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.

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 2014, the Audit Committee comprises four independent non-executive Directors, Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd, Dr. Hui Chik Kwan and Mr. Wang Junqiang. 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.

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 2 meetings during the year ended 31 March 2014 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
Mr. Wang Junqiang	1/1

Board Committees *(Continued)*

Audit Committee *(Continued)*

During the year ended 31 March 2014, 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 for reviewing the Company's interim results for the six months ended 30 September 2013 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.

Auditor's Remuneration

During the year, the remuneration, reviewed and approved by the Audit Committee on its statutory audit scope and non-audit services, paid/payable to the external auditors of the Company in respect of statutory audit and non-audit services provided by the auditor of the Group, BDO Limited, amounting to HK$995,000 and HK$65,000 respectively (2013: 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.

Board Committees *(Continued)*

Remuneration Committee

As at 31 March 2014, the Remuneration Committee comprises four independent non-executive Directors, Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd, Dr. Hui Chik Kwan and Mr. Wang Junqiang. The Remuneration Committee is chaired by Mr. Kwok Kam Tim.

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.

No individual Director is involved in deciding his or her own remuneration.

The remuneration committee met 4 times during the year ended 31 March 2014, 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 2014 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	2/4
Mr. Kinley Lincoln James Lloyd	4/4
Dr. Hui Chik Kwan	4/4
Mr. Wang Junqiang	1/1

Nomination Committee

As at 31 March 2014, the Nomination Committee comprises four independent non-executive Directors, Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd, Dr. Hui Chik Kwan and Mr. Wang Junqiang. The Nomination Committee is chaired by Mr. Kwok Kam Tim.

The Nomination Committee is responsible for reviewing the structure, size and composition (including but not limited to the skills, gender, 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. In order to achieve a diversity of perspectives among members of the Board, the Company has adopted the board diversity policy (the "Board Diversity Policy") during the year ended 31 March 2014.

Board Committees *(Continued)*

Summary of Board Diversity Policy

The Company recognises the benefits of having a diverse Board to enhance the quality of its performance. The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Monitoring and Reporting

The Nomination Committee will report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives, and monitor the implementation of this Policy.

Review of this Policy

The Nomination Committee will review this Policy periodically to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The nomination committee met 3 times during the year ended 31 March 2014, in which the members of the nomination committee discussed and made recommendation of the Board on the re-election of retiring Directors, and review the 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	2/3
Mr. Kinley Lincoln James Lloyd	3/3
Dr. Hui Chik Kwan	3/3
Mr. Wang Junqiang	1/1

Joint Company Secretaries

The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Articles. The joint company secretaries of the Company are Mr. Tsang and Mr. Cheng and confirmed that they have complied with all the qualifications, experience, and professional training requirements of the Listing Rules.

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.

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.

Shareholders are encouraged to attend all general meetings of the Company. The notices of the general meetings were circulated to all the Shareholders in accordance with the requirements of the Listing Rules and the Articles. It is a standard practice to have the non-executive Directors available to answer questions relating to their roles, tenure, and the Board Committees. The results of voting by poll are published on the websites of the Stock Exchange and the Company after the meetings.

Any comments and suggestions to the Board can be addressed by mail to our principal place of business in Hong Kong or the Company Secretary or email at general@newtreegroupholdings.com.

Constitutional Documents

During the year, there was no change in the Company's constitutional documents except the terms of reference of the nomination committee had been revised and adopted on 9 September 2013.

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2014.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of the Group are engaged in trading and manufacture of the clinical and household hygienic disposables and trading of related raw materials ("Hygienic Disposables Business") in the People's Republic of China ("PRC") and Macau, agency service and trading of Methyl Tertiary Butyl Ether ("MTBE") products ("MTBE Business") in Hong Kong ("HK") and, trading of coal products ("Coal Business") in Hong Kong, wholesales 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 28 of the consolidated financial statements contained herein.

Results and Dividends

The Group's consolidated loss for the year ended 31 March 2014 and the state of affairs of the Company and the Group as at 31 March 2014 are set out in the consolidated financial statements on pages 45 to 46.

The Directors do not recommend for payment of a final dividend for the year ended 31 March 2014 (2013: HK$Nil).

Financial Summary

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 114 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 14 to 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 16 to the consolidated financial statements contained herein.

Share Capital

Details of the movements in the Company's share capital during the year are set out in note 26 to 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.

No options were granted under the Share Option Scheme during the year ended 31 March 2014.

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

The distributable reserves of the Company as at 31 March 2014, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$324.1 million.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 6 August 2014 to Thursday, 7 August 2014, both days inclusive, during which period no transfer of shares will be effected and for the purpose of determining the identity of members who are entitled to attend and vote at the annual general meeting (the "AGM") of the Company to be held on Thursday, 7 August 2014 at 11:30 a.m.. In order to be eligible to attend and vote at the AGM, all completed share transfer forms accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewall Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Tuesday, 5 August 2014.

Donations

No charitable donations was made by the Group during the year ended 31 March 2014 (2013: HK$Nil).

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
Ms. Sung Ting Yee
Ms. Yick Mi Ching, Dawnibilly
Ms. Lu Ying
Mr. Chan Kin Lung

Independent Non-executive Directors
Mr. Kwok Kam Tim
Mr. Kinley Lincoln James Lloyd
Dr. Hui Chik Kwan
Mr. Wang Jungiang

Mr. Chan was appointed as an executive Director with effect from 4 October 2013. Pursuant to article 83(3) of the Articles, any of the Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. As such, Mr. Chan shall hold office until the AGM and, being eligible, will offer himself for re-election at the AGM.

In accordance with article 84 of the Articles, Mr. Chum, Ms. Yick, Dr. Hui and Mr. Wang shall retire from office by rotation. Mr. Wang will not offer himself for re-election at the AGM. Being eligible, Mr. Chum, Ms. Yick and Dr. Hui offer themselves for re-election at the AGM.

The Directors' biographical details are set out on pages 18 to 22.

Each of the independent non-executive Director has made written annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines as set out in the Rule 3.13 of the Listing Rules that could materially interfere with the exercise of their judgment.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Management Contracts

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the nine-month period.

Directors' Interests in Contracts

Saved as disclosed in the section of "Connected Transactions" and note 33 to the consolidated financial statements of this annual report, no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 March 2014.

Directors' Interests in Competing Business

As at the date of this report, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflict of interests which any such person has or may have with the Group.

Interests of Directors and Chief Executive

As at 31 March 2014, 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 set out below:

Long position in the Shares

Name of Directors	Capacity	Total number of Shares held (Note)	Approximate percentage of Shareholding in the Company
Mr. Wong	Interest of a controlled corporation (Note)	203,622,000	27.96%
Mr. Chum	Interest of a controlled corporation (Note)	203,622,000	27.96%

Note: Twin Star is owned as to 50% by Mr. Chum, the vice-chairman and an executive Director and as to 50% by Mr. Wong, the chairman and executive Director. Mr. Chum and Mr. Wong are deemed to be interested in 203,622,000 Shares held by Twin Star.

Substantial Shareholders

As at 31 March 2014, 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:

Long Position in the Shares

Name	Nature of interest	Total number of Shares held	Approximate percentage of interest in the Company
Twin Star (Note)	Beneficial owner	203,622,000	27.96%
Ho Chung Wo	Beneficial owner	37,506,000	5.15%

Note: Twin Star is owned as to 50% by Mr. Chum, the vice-chairman and an executive Director and as to 50% by Mr. Wong, the chairman and executive Director. Mr. Chum and Mr. Wong are deemed to be interested in 203,622,000 Shares held by Twin Star.

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 2014.

Arrangement to Purchase Shares or Debenture

Save as disclosed above, 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.

Connected Transactions

Details of the related party transactions of the Group during the year ended 31 March 2014 are set out in note 33 to the consolidated financial statements.

Payments of emoluments and bonus to the Directors pursuant to their respective service contracts with the Company were exempt connected transactions under Rules 14A.95 of the Listing Rules while payments of emoluments/consultancy fee to senior management do not constitute connected transactions under Chapter 14A of the Listing Rules.

The management fee paid or payable to a related company during the year ended 31 March 2014 constituted de minimis transactions under Chapter 14A of the Listing Rules and therefore was fully exempted from the shareholders' approval, annual review and all disclosure requirements under Rule 14A.76 of the Listing Rules.

Emolument Policy

The Group mainly determines staff remuneration in accordance with market terms and individual qualifications. The salaries and benefits of the Group's employees are maintained at a competitive level and employees are rewarded on a discretionary performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed regularly. Year-ended bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to its employees.

The emoluments of the Directors will be decided by the Remuneration Committee having regard to the Group's operating results, individual performance and comparable market statistics. Details of the Directors' and employees' emolument are set out in note 11 to the consolidated financial statements, respectively.

Retirement Benefit Plans

Other than operating a Hong Kong Mandatory Provident Fund Scheme, participating in the defined contribution pension scheme operated by the Macao government authority and the PRC state-managed retirement benefit scheme, the Group has not operated any other retirement benefit schemes for the Group's employees. Particulars of the retirement benefit plans are set out in note 29 to the consolidated financial statements.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the year ended 31 March 2014.

Pre-Emptive Rights

There are no provisions of pre-emptive rights under the Company's Articles or laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

Sufficiency of Public Float

Based on information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float as at the date of this annual report.

Major Suppliers and Customers

In the year under review, the Group's largest supplier accounted for 58.8% (2013: 19.2%) of the Group's total purchases. The Group's five largest suppliers accounted for 76.2% (2013: 53.9%) of the Group's total purchases.

In the year under review, the Group's sales to its five largest customers accounted for 86.8% (2013: 65.2%) of the Group's total sales. The Group's largest customer accounted for 54.6% (2013: 18.4%) 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 a beneficial interest in the Group's five largest customers or five largest suppliers.

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 2014.

Corporate Governance

The Company has published its corporate governance report, which is set out on pages 24 to 35 of this annual report.

Auditor

A resolution will be proposed at the AGM to re-appoint Messrs BDO Limited as auditor of the Company.

On behalf of the Board
Mr. Wong Wai Sing
Chairman

Hong Kong, 27 June 2014

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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 45 to 113, which comprise the consolidated and company statements of financial position as at 31 March 2014, 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 2014, and of the Group's loss 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, 27 June 2014

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Revenue	5	581,271	565,152
Cost of sales		(559,729)	(530,091)
Gross profit		21,542	35,061
Other income	6	1,197	38,661
Other gains and losses	7	(72,373)	(534)
Selling and distribution expenses		(8,646)	(8,859)
Administrative expenses		(68,678)	(53,401)
Other expenses		(10,817)	(1,696)
Finance costs	8	(345)	(112)
(Loss) profit before tax		(138,120)	9,120
Income tax credit (expense)	9	692	(2,318)
(Loss) profit for the year	10	(137,428)	6,802
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
– Exchange difference arising on translation		2,730	(861)
– Changes in fair value of available-for-sale financial assets		(1,050)	–
		1,680	(861)
Item that was reclassified to profit or loss:			
– Reclassification adjustment of available-for-sale investment reserve upon impairment of assets		1,050	–
Other comprehensive income for the year, net of income tax		2,730	(861)
Total comprehensive income for the year, net of income tax		(134,698)	5,941
(Loss) profit for the year attributable to:			
Owners of the Company		(137,128)	6,619
Non-controlling interests		(300)	183
		(137,428)	6,802
Total comprehensive income for the year, attributable to:			
Owners of the Company		(134,399)	5,793
Non-controlling interests		(299)	148
		(134,698)	5,941
(Loss) earnings per share	13		
– basic and diluted (HK cents)		(19.10)	0.99

Consolidated Statement of Financial Position

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	17,921	27,680
Prepaid lease payments	15	6,236	6,307
Other intangible assets	16	68,961	20,833
Goodwill	17	9,774	9,774
Available-for-sale financial assets	19	2,200	–
		105,092	64,594
CURRENT ASSETS			
Inventories	20	37,765	52,377
Prepaid lease payments	15	216	212
Trade and other receivables and prepayments	21	384,236	341,503
Refundable deposits	21	52,132	26,349
Pledged bank deposit	22	7,807	7,803
Bank balances and cash	22	39,887	25,234
		522,043	453,478
CURRENT LIABILITIES			
Trade and other payables and accruals	23	209,519	101,811
Trust receipt loan	24	6,829	9,163
Tax payable		5,711	7,114
		222,059	118,088
NET CURRENT ASSETS		299,984	335,390
TOTAL ASSETS LESS CURRENT LIABILITIES		405,076	399,984
NON CURRENT LIABILITIES			
Deferred tax liabilities	25	11,578	3,950
Promissory note	37	3,552	–
		15,130	3,950
NET ASSETS		389,946	396,034
CAPITAL AND RESERVES			
Share capital	26	7,282	6,667
Reserves		378,076	388,402
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		385,358	395,069
Non-controlling interests		4,588	965
TOTAL EQUITY		389,946	396,034

The financial statements on pages 45 to 113 were approved and authorised for issue by the Board of Directors on 27 June 2014 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 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	642	2,750
Interests in subsidiaries	28	356,429	258,053
		357,071	260,803
CURRENT ASSETS			
Prepayments		3,306	1,075
Bank balances and cash		18,987	8,078
		22,293	9,153
CURRENT LIABILITIES			
Other payables and accruals		3,777	2,234
Amounts due to subsidiaries	28	40,651	6,203
		44,428	8,437
NET CURRENT (LIABILITIES) ASSETS		(22,135)	716
TOTAL ASSETS LESS CURRENT LIABILITIES		334,936	261,519
NON CURRENT LIABILITY			
Promissory note	37	3,552	–
NET ASSETS		331,384	261,519
CAPITAL AND RESERVES			
Share capital	26	7,282	6,667
Reserves	27	324,102	254,852
TOTAL EQUITY		331,384	261,519

The financial statements on pages 45 to 113 were approved and authorised for issue by the Board of Directors on 27 June 2014 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 2014

	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$'000	Other reserves HK$'000 (Note (iii))	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 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, net of income tax	–	–	–	–	(826)	–	–	(826)	(35)	(861)
Total comprehensive income for the year	–	–	–	–	(826)	–	6,619	5,793	148	5,941
Dividend recognised as distribution	–	–	–	–	–	–	–	–	(498)	(498)
Transactions with owners	–	–	–	–	–	–	–	–	(498)	(498)
At 31 March 2013	6,667	288,369	49	678	15,111	(6,000)	90,195	395,069	965	396,034
Loss for the year	–	–	–	–	–	–	(137,128)	(137,128)	(300)	(137,428)
Other comprehensive income, net of income tax:										
– Exchange difference arising on translation	–	–	–	–	2,729	–	–	2,729	1	2,730
– Changes in fair value of available-for-sale financial assets	–	–	–	–	–	(1,050)	–	–	–	(1,050)
– Reclassification adjustment of available-for-sale investment reserve upon impairment of assets	–	–	–	–	–	1,050	–	–	–	1,050
Total comprehensive income for the year	–	–	–	–	2,729	–	(137,128)	(134,399)	(299)	(134,698)
Acquisition of subsidiaries	175	36,301	–	–	–	–	–	36,476	4,887	41,363
Acquisition of interest in a subsidiary from a non-controlling shareholder	15	3,143	–	–	–	(2,046)	–	1,112	(1,112)	–
Issue of shares to acquire available-for-sale financial assets	25	5,175	–	–	–	–	–	5,200	–	5,200
Issue of shares pursuant to placing agreement	400	83,600	–	–	–	–	–	84,000	–	84,000
Transaction cost attributable to issue of placing shares	–	(2,100)	–	–	–	–	–	(2,100)	–	(2,100)
Dissolution of a non-wholly-owned subsidiary	–	–	–	–	–	–	–	–	147	147
Transactions with owners	615	126,119	–	–	–	(2,046)	–	124,688	3,922	128,610
At 31 March 2014	7,282	414,488	49	678	17,840	(8,046)	(46,933)	385,358	4,588	389,946

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 reserves represent (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; (ii) the difference between the amount by which the non-controlling interest is adjusted and the fair value of shares issued as consideration for the acquisition of the remaining equity interest in a subsidiary from a non-controlling shareholder amounting to approximately HK$2,046,000; and (iii) available-for-sale investment reserve representing gains/losses arising on recognising financial assets classified as available-for-sale at fair value.

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before tax	(138,120)	9,120
Adjustments for:		
Depreciation of property, plant and equipment	6,563	5,592
Amortisation of prepaid lease payments	215	211
Amortisation of other intangible assets	1,003	2,423
Impairment loss recognised on trade and other receivables	56,016	980
Impairment loss on available-for-sale financial assets	1,050	–
Impairment loss on property, plant and equipment	5,436	–
Impairment loss on other intangible assets	8,491	–
Inventories written off	–	4,924
Imputed interest expenses on promissory note	193	–
Interest expenses on trust receipt loan	152	112
Loss on dissolution of a non-wholly-owned subsidiary	147	–
Bank interest income	(14)	(145)
Other interest income	–	(2,527)
Gain on disposal of financial assets	–	(733)
Loss (gain) on disposal of property, plant and equipment	24	(95)
Operating cash flows before movements in working capital	(58,844)	19,862
Decrease in inventories	15,851	12,292
Increase in trade and other receivables and prepayments	(95,083)	(261,339)
Increase in refundable deposits	(25,800)	(5,000)
Increase in trade and other payables and accruals	106,721	72,387
Cash used in operating activities	(57,155)	(161,798)
Income tax paid	(3,110)	(1,362)
NET CASH USED IN OPERATING ACTIVITIES	(60,265)	(163,160)
INVESTING ACTIVITIES		
Payment for acquisition of subsidiaries	(3,240)	–
Purchase of property, plant and equipment	(1,813)	(6,010)
Purchase of financial assets	–	(11,414)
(Increase) decrease in pledged bank deposit	(4)	54,483
Proceeds from disposal of financial assets	–	12,147
Proceeds from disposal of property, plant and equipment	114	1,121
Other interest received	–	385
Interest received	14	145
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	(4,929)	50,857
FINANCING ACTIVITIES		
Proceed from placing of shares	84,000	–
Share issuing expenses	(2,100)	–
Dividend paid to a non-controlling owner of a subsidiary	–	(498)
Trust receipt loan (repaid) raised	(2,334)	9,163
Advance from a related party	630	1,199
Interest paid	(152)	(112)
NET CASH GENERATED FROM FINANCING ACTIVITIES	80,044	9,752
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,850	(102,551)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	25,234	128,943
Effect of foreign exchange rate changes	(197)	(1,158)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	39,887	25,234

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 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 9 June 2010. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 January 2011. In the opinion of the directors of the Company ("Directors"), the ultimate holding company of the Company is Twin Star Global Limited, a limited company incorporated in the British Virgin Islands. The registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The principal activities of the Group are engaged in trading and manufacture of the clinical and household hygienic disposables and trading of related raw materials ("Hygienic Disposables Business") located in the Peoples' Republic of China (the "PRC") and Macau, agency service and trading of Methyl Tertiary Butyl Ether ("MTBE") products ("MTBE Business") located in Hong Kong, trading of coal products ("Coal Business") located in Hong Kong 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 28.

The 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 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, for the first time, the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2013.

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

Except as explained below, the adoption of the above new and revised HKFRSs in the current year has no material impact on the Group's financial statements.

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit or loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 March 2013. Items of other comprehensive income that may and may not be reclassified to profit or loss in the future have been presented separately in the consolidated statement of comprehensive income. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) Int-12 Consolidation — Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest (see Note 3). The adoption has not resulted in any change of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

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

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

HKAS 19 (as revised in 2011) Employee Benefits

HKAS 19 (as revised in 2011) distinguishes between short-term and long-term employee benefits based on the expected date of settlement. The previous standard used the term "due to be settled".

The Group has amended its accounting policies for short-term employee benefits, however the adoption of the revised standard has no effect on the Group's financial position or performance.

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

The Group has early adopted the following amendments, which are effective for annual periods commencing on or after 1 January 2014, in these consolidated financial statements:

HKAS 36 (Amendments) – Recoverable Amount Disclosures for Non-Financial Assets

The amendments limit the requirements to disclose the recoverable amount of an asset or cash-generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The Group has early adopted the amendments to HKAS 36 in the current period. The disclosures about the impairment of other intangible assets in Note 18 have been modified accordingly.

The Group has not early applied the following new and revised HKFRSs, potentially relevant to the Group, that have been issued but are not yet effective, in these consolidated financial statements:

HKFRS 9	Financial Instruments[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle[4]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[3]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 No mandatory effective date yet determined but is available for adoption.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

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

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The date when entities would be required to apply HKFRS 9 was previously stated at 1 January 2015. This mandatory effective date has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements, which will now become effective from a later date yet to be announced.

The Directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's available-for-sale investments may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

Amendments to HKFRS 7 and HKAS 32 – Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

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 except for available-for-sale financial assets which are measured at fair values as explained in the accounting policies set out below. 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.

3. Significant Accounting Policies *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

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.

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.

3. Significant Accounting Policies *(Continued)*

Business combinations *(Continued)*

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.

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

Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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 CGUs (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU 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 CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU 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 CGU, 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.

Patent income was recognised over the period granted for the use on application of the patents on the products produced by the licensees.

3. Significant Accounting Policies *(Continued)*

Revenue recognition *(Continued)*

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

Property, plant and equipment

Property, plant and equipment 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.

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.

Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

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 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 and available-for-sale financial assets.

Available-for-sale financial assets
These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(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 of financial assets below).

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.

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 loans and receivables
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.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

For loans and receivables *(Continued)*

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.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

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.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*
Financial liabilities
The Group's financial liabilities i.e. trade and other payables, trust receipt loan and promissory note 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.

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 CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

3. Significant Accounting Policies *(Continued)*

Impairment losses on tangible and intangible assets *(Continued)*

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

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) 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 CGU) 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.

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.

3. Significant Accounting Policies *(Continued)*

Related parties ***(Continued)***

(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 2014, the carrying amount of the Group's intangible assets excluding goodwill is approximately HK$68,961,000 (2013: HK$20,833,000). 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 contracts.

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

Useful lives of other intangible assets *(Continued)*

During the year ended 31 March 2013, 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 prior year. Further details are set out in Note 16.

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 16.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGUs to which goodwill has been allocated. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from the CGUs 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 17 and 18.

Estimated impairment of property, plant and equipment

The management reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. Measurement of an impairment loss requires a determination of recoverable amount, which is based on the best information available. The Group derives the required cash flow estimates from historical experience and internal business plans. To determine recoverable amount, the Group uses cash flow estimates discounted at an appropriate discount rate, quoted market prices when available and independent appraisals, as appropriate.

Estimated impairment of available-for-sale financial assets

The impairment loss on available-for-sale financial assets is established when there is objective evidence. The Directors review available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value of available-for-sale equity investments below their cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the Directors evaluate, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

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 2014 is approximately HK$37,765,000 (2013: HK$52,377,000).

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 21.

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 Directors, being the chief operating decision makers, 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.

5. Revenue and Segment Information *(Continued)*

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 – Agency service and trading of MTBE products
- Coal Business – Trading of coal products
- Household Consumables Business – Wholesale and retail of household consumables

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	Coal Business HK$'000	Household Consumables Business HK$'000	Total HK$'000
For the year ended 31 March 2014					
Revenue from external customers	186,799	185,527	131,654	77,291	581,271
Segment (loss) profit	(76,126)	(587)	4,356	190	(72,167)
Bank interest income					14
Exchange differences					(1,356)
Amortisation of other intangible assets					(1,003)
Impairment loss on available-for-sale financial assets					(1,050)
Impairment loss on other intangible assets					(8,491)
Central administration costs					(54,067)
Loss before tax					(138,120)

5. Revenue and Segment Information *(Continued)*

Segment revenues and results *(Continued)*

	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 (loss)	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

The accounting policies of the operating segments are the same as the Group's accounting policies as described in Note 3. Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of central administration costs, amortisation of other intangible assets, impairment losses on available-for-sale financial assets and 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

	2014 HK$'000	2013 HK$'000
Hygienic Disposables Business	194,490	254,088
MTBE Business	219,841	157,467
Coal Business	54,246	–
Household Consumables Business	27,979	42,873
Total segment assets	496,556	454,428
Goodwill	9,774	9,774
Other intangible assets	68,961	20,833
Available-for-sale financial assets	2,200	–
Amount due from a related company	1,950	–
Pledged bank deposit	7,807	7,803
Bank balances and cash	39,887	25,234
Consolidated assets	627,135	518,072

Segment liabilities

	2014 HK$'000	2013 HK$'000
Hygienic Disposables Business	20,039	22,807
MTBE Business	139,237	80,274
Coal Business	50,726	–
Household Consumables Business	6,346	7,893
Total segment liabilities	216,348	110,974
Tax payable	5,711	7,114
Promissory note	3,552	–
Deferred tax liabilities	11,578	3,950
Consolidated liabilities	237,189	122,038

5. Revenue and Segment Information *(Continued)*

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, amount due from a related company, pledged bank deposit and bank balances and cash.

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

Other segment information

	Hygienic Disposables Business HK$'000	MTBE Business HK$'000	Coal Business HK$'000	Household Consumables Business HK$'000	Total HK$'000
For the year ended 31 March 2014					
Capital additions	1,662	–	–	151	1,813
Depreciation of property, plant and equipment and amortisation of prepaid lease payments	6,650	–	–	128	6,778
Loss on disposal of property, plant and equipment	–	–	–	24	24
Impairment loss recognised on trade and other receivables	50,338	2,784	541	2,353	56,016
Impairment loss on property, plant and equipment	5,436	–	–	–	5,436
Impairment loss on other intangible assets	–	–	8,491	–	8,491

	Hygienic Disposables Business HK$'000	MTBE Business HK$'000	Household Consumables Business HK$'000	Total HK$'000
For the year ended 31 March 2013				
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

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:

	2014 HK$'000	2013 HK$'000
Sales of goods from		
– Hygienic Disposables Business	186,799	380,655
– Household Consumables Business	77,291	79,348
Agency fee and trading income from MTBE Business	185,527	105,149
Trading income from Coal Business	131,654	–
	581,271	565,152

Information about geographical areas

In determining the Group's information about geographical areas, revenue is allocated 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	
	2014 HK$'000	2013 HK$'000
PRC	317,181	165,599
United Kingdom	202,733	208,836
Norway	37,989	69,620
United States of America	19,307	119,066
Singapore	2,719	–
Sweden	–	1,321
Other	1,342	710
	581,271	565,152

As at 31 March 2014, approximately HK$21,709,000, HK$19,273,000, HK$63,592,000 and HK$518,000 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.

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:

	2014 HK$'000	2013 HK$'000
Customer A[1]	**317,181**	103,884
Customer B[2]	**68,562**	51,530[3]
Customer C[2]	**56,117**[3]	74,144
Customer D[2]	**37,989**[3]	69,620
Customer E[2]	**19,307**[3]	58,806
Customer F[2]	**–**	60,450
Customer G[2]	**–**	60,260

1 Revenue is from MTBE Business and Coal 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

	2014 HK$'000	2013 HK$'000
Bank interest income	**14**	145
Service income	**1,136**	10,621
Other interest income	**–**	2,527
Patent income#	**–**	25,350
Sundry	**47**	18
	1,197	38,661

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

	2014 HK$'000	2013 HK$'000
Exchange differences	(1,356)	(382)
(Loss) gain on disposal of property, plant and equipment	(24)	95
Impairment loss recognised on trade and other receivables	(56,016)	(980)
Gain on disposal of financial assets	–	733
Impairment loss on available-for-sale financial assets	(1,050)	–
Impairment loss on property, plant and equipment	(5,436)	–
Impairment loss on other intangible assets	(8,491)	–
	(72,373)	(534)

8. Finance Costs

	2014 HK$'000	2013 HK$'000
– Interest expenses on trust receipt loan	152	112
– Imputed interest expenses on promissory note	193	–
	345	112

9. Income Tax (Credit) Expense

	2014 HK$'000	2013 HK$'000
Current tax:		
– Hong Kong profits tax	623	876
– PRC Enterprise Income Tax ("PRC EIT")	–	875
– Other jurisdiction	496	1,062
	1,119	2,813
(Over) under-provision in respect of prior years:		
– Hong Kong profits tax	(14)	–
– Other jurisdiction	102	–
	88	–
Deferred taxation (Note 25)		
– Current year	(1,554)	(444)
– Attributable to change in tax rate	(345)	(51)
	(1,899)	(495)
	(692)	2,318

(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.

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

(i) Hong Kong *(Continued)*

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 in February 2013.

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.

In July 2013, the HKIRD issued a letter requesting for information regarding another PRC subsidiary of the Company (other than the Subsidiaries). In January 2014, the HKIRD issued a letter requesting for financial information of another one of the Subsidiaries. The Group is in the process of gathering the information requested by the HKIRD.

In February 2014, the HKIRD issued to the Subsidiaries profit tax assessment for HK$4,875,000 and HK$3,475,000, relating to the year of assessment 2007/08, that is, for the financial year ended 31 March 2008. The Group lodged the relevant objection with the HKIRD against the assessment in March 2014.

As of 31 March 2014, 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 taxes recoverable included in trade and other receivables and prepayments of the Group as at 31 March 2014. Subsequent to the end of the reporting period, the Group has purchased tax reserve certificates in the amount of HK$100,000 for the year of assessment 2007/08.

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, 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, 2006/07 and 2007/08 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.

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

(ii) PRC EIT

PRC EIT is calculated at 25% of the estimated assessable profits of subsidiaries operating in the PRC.

(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 (loss) profit before tax per the consolidated statement of comprehensive income as follows:

	2014 HK$'000	2013 HK$'000
(Loss) profit before tax	(138,120)	9,120
Tax at PRC EIT at 25%	(34,530)	2,280
Tax effect of expenses not deductible for tax purpose	6,125	2,514
Tax effect of income not taxable for tax purpose	(136)	(139)
Tax effect on temporary differences not recognised	334	–
Tax effect of tax losses not recognised	6,573	7,126
Under-provision in respect of prior years	88	–
Effect of different tax rates of subsidiaries operating in other jurisdictions (Note (i))	21,199	(9,412)
Effect on opening deferred tax balance resulting from a change in applicable tax rate	(345)	(51)
Income tax (credit) expense for the year	(692)	2,318

Note:

(i) The tax effect is mainly derived from the subsidiary in Macau.

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

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 25, there was no other significant unprovided deferred taxation for both years on or at the end of respective reporting periods.

10. (Loss) Profit for the Year

	2014 HK$'000	2013 HK$'000
It has been arrived at after charging:		
Directors' remuneration (Note 11)	**10,930**	8,713
Other staff costs	**23,428**	20,288
Retirement benefit scheme contributions	**891**	717
Total staff costs	**35,249**	29,718
Auditors' remuneration	**1,438**	1,433
Cost of inventories sold	**558,726**	522,744
Inventories written off	**–**	4,924
Depreciation of property, plant and equipment	**6,563**	5,592
Amortisation of other intangible assets (included in cost of sales)	**1,003**	2,423
Amortisation of prepaid lease payments	**215**	211
Loss on dissolution of a non-wholly-owned subsidiary	**147**	–
Legal and professional fees incurred for acquisitions and potential acquisitions (included in other expenses)	**10,817**	1,696

The consolidated loss (2013: profit) for the year attributable to owners of the Company for the year ended 31 March 2014 includes a loss of approximately HK$45,265,000 (2013: HK$28,740,000) which has been dealt with in the financial statements of the Company.

11. Directors' and Employees' Emoluments

Directors

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

Year ended 31 March 2014

	Fees HK$'000	Salaries and other allowances HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
Executive directors:				
Mr. Wong Wai Sing	1,300	1,281	15	2,596
Mr. Chum Hon Sing	–	1,200	–	1,200
Mr. Lee Chi Shing, Caesar	120	–	6	126
Mr. Tsang Ho Ka, Eugene	205	2,926	15	3,146
Ms. Sung Ting Yee	205	1,185	15	1,405
Ms. Yick Mi Ching, Dawnibilly	205	1,040	15	1,260
Ms. Lu Ying (Note (i))	179	–	–	179
Mr. Chan Kin Lung (Note (i))	58	413	8	479
Independent non-executive directors:				
Mr. Kwok Kam Tim	120	–	–	120
Mr. Kinley Lincoln James Lloyd	120	–	–	120
Dr. Hui Chik Kwan	120	–	–	120
Mr. Wang Junqiang (Note (ii))	179	–	–	179
	2,811	8,045	74	10,930

Notes:

(i) Ms. Lu Ying and Mr. Chan Kin Lung were appointed as executive directors with effect from 3 July 2013 and 4 October 2013 respectively; and

(ii) Mr. Wang Junqiang was appointed as an independent non-executive director with effect from 3 July 2013.

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

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	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, Dawnibilly	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

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

Employees

Of the five individuals with the highest emoluments in the Group, four (2013: three) were Directors. The emoluments of the remaining one (2013: two) non-director individuals were as follows:

	2014 HK$'000	2013 HK$'000
Salaries and other allowances	2,000	3,293
Retirement benefit scheme contributions	15	15
	2,015	3,308

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

	2014 Number of employees	2013 Number of employees
HK$1,000,001 to HK$1,500,000	–	1
HK$1,500,001 to HK$2,000,000	1	1
	1	2

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:

	2014 Number of individuals	2013 Number of individuals
HK$Nil to HK$1,000,000	1	2
HK$1,500,001 to HK$2,000,000	1	1
HK$2,500,001 to HK$3,000,000	1	–

12. Dividends

No dividend has been paid or declared by the Company during the year (2013: HK$Nil).

The Directors do not recommend for payment of a final dividend for the year.

13. (Loss) Earnings per Share

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

	2014 HK$'000	2013 HK$'000
(Loss) profit for the year attributable to owners of the Company	(137,128)	6,619
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	718,019,992	666,666,000

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

14. Property, Plant and Equipment

The Group	Buildings HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Leasehold improvement HK$'000	Furniture, fixtures, and equipment HK$'000	Total HK$'000
COST						
At 1 April 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
Additions	–	627	108	832	246	1,813
Disposal	–	(30)	(108)	–	(12)	(150)
Exchange realignment	811	995	30	127	40	2,003
At 31 March 2014	36,151	44,213	1,652	8,663	2,625	93,304
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 April 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
Provided for the year	1,703	2,777	313	1,509	261	6,563
Impairment	–	2,938	273	2,052	173	5,436
Elimination on disposal	–	–	–	–	(12)	(12)
Exchange realignment	517	802	14	72	33	1,438
At 31 March 2014	24,440	40,716	1,265	6,967	1,995	75,383
NET CARRYING VALUES						
At 31 March 2014	11,711	3,497	387	1,696	630	17,921
At 31 March 2013	13,120	8,422	957	4,370	811	27,680

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

The Company	Leasehold improvement HK$'000	Furniture, fixtures, and equipment HK$'000	Total HK$'000
COST			
At 1 April 2012	–	–	–
Additions	2,697	464	3,161
At 31 March 2013	2,697	464	3,161
Additions	34	43	77
At 31 March 2014	2,731	507	3,238
ACCUMULATED DEPRECIATION AND IMPAIRMENT			
At 1 April 2012 and 31 March 2013	–	–	–
Provided for the year	360	51	411
At 31 March 2013	360	51	411
Provided for the year	544	97	641
Impairment	1,544	–	1,544
At 31 March 2014	2,448	148	2,596
NET CARRYING VALUES			
At 31 March 2014	283	359	642
At 31 March 2013	2,337	413	2,750

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 31.

In the current year, the Group recorded a segmental loss in the segment of Hygienic Disposables Business. As a result, the property, plant and equipment which relates to this segment, and which also constitutes a smallest CGU, were then assessed for impairment. The recoverable amount of property, plant and equipment has been determined to be approximately HK$22,442,000 with reference to a professional valuation report issued by Greater China Appraisal Limited ("GCA"), an independent firm of professionally qualified valuers, which was based on a value-in-use calculation, using cash flow projection based on estimates and financial budgets approved by the management. These projections cover a five-year period and extrapolate cash flows beyond such projection period using an estimated growth rate of 2.8%, and have been discounted using a pre-tax discount rate of 19.79%. All of the assumptions and estimations involved in the preparation of the cash flow projection including budgeted gross margin, discount rate and growth rate are determined by the management of the Group based on past performance, experience and their expectation for market development. In view of the net carrying amount of property, plant and equipment being higher than the net present value of the future estimated cash flows of this CGU, the property, plant and equipment relating to this CGU were written down to its recoverable amount, with an impairment loss of approximately HK$5,436,000, mainly arising from the above impairment review, recognised in profit or loss under other gains and losses in the current year. No impairment assessment was performed for the year ended 31 March 2013 as there was no indication of impairment.

15. Prepaid Lease Payments

	2014 HK$'000	2013 HK$'000
Analysed for reporting purposes as:		
Non-current assets	6,236	6,307
Current assets	216	212
	6,452	6,519

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 31.

16. 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	–	33,292	10,048	43,340
Exchange realignment	–	–	71	71
At 31 March 2013	–	33,292	10,119	43,411
Acquisition of subsidiaries	57,346	–	–	57,346
Exchange realignment	–	–	363	363
At 31 March 2014	57,346	33,292	10,482	101,120
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 April 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
Charge for the year	–	–	1,003	1,003
Impairment (Note 18)	8,491	–	–	8,491
Exchange realignment	–	–	87	87
At 31 March 2014	8,491	21,397	2,271	32,159
NET CARRYING VALUES				
At 31 March 2014	48,855	11,895	8,211	68,961
At 31 March 2013	–	11,895	8,938	20,833

16. Other Intangible Assets *(Continued)*

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 ("China Coal") and its 90%-owned subsidiary (collectively the "China Coal Group") and has been allocated to the Coal Business CGU. Further details are set out in Note 37.

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 years and has been allocated to the MTBE Business CGU.

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 years and has been allocated to the Household Consumables Business CGU.

Prior to the re-assessment of useful life of the MTBE Sales Contract during the year ended 31 March 2013, the MTBE Sales Contract was 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 was changed from a finite life to an indefinite life, because the Group after re-assessment considered that the MTBE Sales Contract was 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 was accounted for prospectively for the year ended 31 March 2013 onwards. No amortisation of MTBE Sales Contract is charged for the year ended 31 March 2014 (2013: approximately HK$1,422,000).

The Group assessed the useful life of the Coal Sales Contract as indefinite, because the Group considered that the Coal Sales Contract was 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 customer network is amortised on a straight-line basis over 10 years.

17. Goodwill

	2014 HK$'000	2013 HK$'000
COST AND CARRYING VALUE		
At beginning of year	9,774	9,774
Acquisition of a subsidiary	–	–
At end of year	9,774	9,774

Particulars regarding impairment testing on goodwill are set out in Note 18.

18. Impairment Testing on Other Intangible Assets and Goodwill

For the purpose of impairment testing, other intangible assets and goodwill set out in Notes 16 and 17 respectively have been allocated to three individual CGUs, comprising a subsidiary in Household Consumables Business, a subsidiary in MTBE Business and a subsidiary in Coal Business. The carrying amount of other intangible assets and goodwill as at 31 March 2014 allocated to these units are as follows:

	Customer network with finite useful life		Sales contracts with indefinite useful life		Goodwill	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Household Consumables Business CGU (Unit A)	**8,211**	8,938	**–**	–	**9,774**	9,774
MTBE Business CGU (Unit B)	**–**	–	**11,895**	11,895	**–**	–
Coal Business CGU (Unit C)	**–**	–	**48,855**	–	**–**	–
	8,211	8,938	**60,750**	11,895	**9,774**	9,774

During the year ended 31 March 2014, the Group determines that, besides Coal Business CGU, there is no impairment of any of its CGUs containing other intangible assets or goodwill.

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 value-in-use (2013: fair-value-less-costs-of-disposal) calculation with reference to a professional valuation performed by GCA. That calculation covered a period estimated by the Group to be indefinite as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2013: a five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (2013: 3%). The pre-tax rate used to discount the forecast cash flows is 20.52% (2013: post-tax rate of 17.94%). Should the perpetuity growth rate decrease by 0.32% the recoverable amount of the Household Consumables Business CGU would equal its carrying amount. Alternatively, should the discount rate increase by 0.19% the recoverable amount of the Household Consumables Business CGU would equal its carrying amount.

18. Impairment Testing on Other Intangible Assets and Goodwill *(Continued)*

Unit B

The recoverable amount of this unit has been determined based on a value-in-use calculation with reference to a professional valuation performed by GCA. That calculation covered a period of 14 years (2013: 15 years). The calculation uses cash flow projections based on financial budgets approved by management covering a two-year period (2013: three-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 2.8% (2013: 3%). The pre-tax rate used to discount the forecast cash flows is 17.99% (2013: 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 CGU exceed the aggregate recoverable amount of such CGU.

Unit C

The recoverable amount of this unit has been determined to be approximately HK$44,000,000 (including working capital) based on a fair-value-less-costs-of-disposal calculation with reference to a professional valuation performed by GCA. That calculation covered a period estimated by the Group to be indefinite as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a two-year period. Cash flow beyond the projection period are extrapolated using an estimated growth rate of 2.8%. The post-tax rate used to discount the forecast cash flows is 12.61%.

The basis used to determine the value assigned to the growth in revenue and the budgeted gross margins is the management's expectation of market development and future performance of the respective CGUs. The discount rate used reflects specific risks relating to industries in relation to the respective CGUs.

The Group is of the opinion, based on the impairment assessment of the Coal Business CGU, the Coal Sales Contract included in other intangible assets is partially impaired by the amount of approximately HK$8,491,000 and corresponding decrease in related deferred tax liabilities in the amount of approximately HK$1,401,000 as compared with its recoverable amount as at 31 March 2014 and was charged to profit or loss under other gains and losses and income tax credit respectively in the current year. The above impairment losses are mainly attributable to (i) unfavorable changes in the estimated risk-free rate; and (ii) changes in risks associated with the business and operations of the Coal Business CGU, between the date of acquisition and 31 March 2014.

The recoverable amount was based on the fair-value-less-costs-of-disposal calculation of the Coal Business CGU determined by income approach using discounted cash flow projections. The fair-value-less-costs-of-disposal is classified as a Level 3 measurement.

19. Available-for-sale Financial Assets

The available-for-sale financial assets represent investments in unlisted equity securities issued by China Energy Trading Company Limited ("China Energy"), a company incorporated in Hong Kong with limited liabilities, and the investments represent a 10% of the entire issued share capital of China Energy and are measured at fair value at the end of the reporting period. Further details of the available-for-sale financial assets are set out in the Company's circular dated 25 March 2013.

	2014 HK$'000	2013 HK$'000
Unlisted equity securities	2,200	–
Net carrying amount at the beginning of the year	–	–
Additions	3,250	–
Impairment	(1,050)	–
	2,200	–

As at 31 March 2014, available-for-sale financial assets were individually determined to be impaired on the basis of a significant decline in its fair value below cost which indicated that the investment cost may not be recovered. During the year, an impairment loss of approximately HK$1,050,000 on these investments was recognised in other reserves and then recognised as an impairment in profit or loss under other gains and losses.

20. Inventories

	2014 HK$'000	2013 HK$'000
At cost:		
Raw materials	26,357	35,299
Work-in-progress	1,412	2,026
Finished goods	9,996	15,052
	37,765	52,377

21. Trade and Other Receivables and Prepayments, and Refundable Deposits

	The Group	
	2014 HK$'000	2013 HK$'000
Trade receivables	363,388	245,975
Less: impairment loss recognised	(51,225)	(182)
	312,163	245,793
Bills receivables	14,624	11,914
Prepayments and deposits (Note i)	42,871	56,431
Other receivables	8,688	24,711
Taxes recoverable	3,774	2,576
Amount due from a non-controlling owner of a subsidiary (Note ii)	166	78
Amount due from a related company (Note iii)	1,950	–
	384,236	341,503

21. Trade and Other Receivables and Prepayments, and Refundable Deposits *(Continued)*

Notes:

i The balances as at 31 March 2014 mainly consist of (i) a prepayment to an independent supplier which amounted to approximately HK$33,570,000 (2013: 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 (ii) other sundry prepayments.

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

iii The amount due from a related company is unsecured, interest-free and repayable on demand. Two Directors are also the directors of the related company.

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:

	2014 **HK$'000**	2013 HK$'000
Trade and bills receivables:		
0–30 days	**88,356**	21,188
31–60 days	**10,157**	57,873
61–90 days	**51,470**	20,834
Over 90 days	**176,804**	157,812
	326,787	257,707

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.

21. Trade and Other Receivables and Prepayments, and Refundable Deposits *(Continued)*

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK$176,804,000 (2013: HK$157,812,000) 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 material collateral over these balances.

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

	2014 HK$'000	2013 HK$'000
Over 90 days	176,804	157,812

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

	2014 HK$'000	2013 HK$'000
At 1 April	182	3,653
Impairment loss during the year	51,043	182
Bad debts written off	–	(3,653)
At 31 March	51,225	182

Moreover, an allowance for doubtful debts of other receivables of approximately HK$4,973,000 (2013: HK$Nil) has been made for the year and as at the end of reporting period.

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

Included in the impairment loss of trade receivables as at 31 March 2014 were individually fully/partially impaired trade receivables mainly due from customers with an aggregate carrying amount before allowance of approximately HK$55,514,000 (2013: HK$182,000). The balance was long outstanding and the management of the Group considered the recoverability of the balance is remote as the related customers were in financial difficulties or have prolonged delay in repayment, and therefore only a portion of the receivables is expected to be recovered. The Group did not hold any material collateral over those balances.

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

The refundable deposits comprised (i) a refundable supplier deposit which amounted to approximately HK$21,332,000 (2013: HK$21,349,000) 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; and (ii) aggregate refundable deposits which amounted to approximately HK$30,800,000 (2013: HK$5,000,000) paid to an independent third party supplier of equipment items for the Hygienic Disposables Business and subsequent to the end of reporting period, the entire deposit has been refunded by the supplier.

22. 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 31. 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:

	2014	2013
Pledged bank deposit	0.020%	0.130%
Bank balances	0.001% to 0.385%	0.010% to 0.500%

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

	HKD HK$'000	Macau Pataca ("MOP") HK$'000
As at 31 March 2014		
Bank balances and cash	4,475	244
As at 31 March 2013		
Bank balances and cash	6,057	395

23. Trade and Other Payables and Accruals

	2014 HK$'000	2013 HK$'000
Trade payables	201,121	95,780
Other payables and accruals	5,941	4,413
Amount due to a non-controlling owner of a subsidiary	–	419
Amount due to a related party (Note i)	1,829	1,199
Amounts due to related companies (Note ii)	628	–
	209,519	101,811

Notes:

i The related party is a close family member of a Director.

ii A director of subsidiaries of the Company is also the director of the related companies.

23. Trade and Other Payables and Accruals *(Continued)*

The amounts due to a non-controlling owner of a subsidiary, a related party and related companies 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:

	2014 **HK$'000**	2013 HK$'000
0–30 days	**79,952**	13,994
31–60 days	**1,703**	36,298
61–90 days	**33,514**	22,147
Over 90 days	**85,952**	23,341
	201,121	95,780

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

24. 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.

25. Deferred Tax Liabilities

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

	Depreciation allowance on property, plant and equipment HK$'000	Fair value adjustments on other intangible assets HK$'000	Total HK$'000
At 1 April 2012	–	4,432	4,432
Credit to profit or loss	–	(444)	(444)
Exchange realignment	–	13	13
Effect in change in tax rate	–	(51)	(51)
At 31 March 2013	–	3,950	3,950
Acquisition of subsidiaries	–	9,462	9,462
Charge (credit) to profit or loss	48	(1,602)	(1,554)
Exchange realignment	2	63	65
Effect in change in tax rate	–	(345)	(345)
At 31 March 2014	50	11,528	11,578

As at 31 March 2014, the Group had unused tax losses of approximately HK$73,772,000 (2013: HK$38,997,000) 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.

26. Share Capital

The Group and the Company	Number of shares	Nominal value HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 31 March 2012, 2013, and 2014	10,000,000,000	100,000
Issued and fully paid:		
At 31 March 2012 and 2013	666,666,000	6,667
Shares issued in consideration for the acquisition of		
– subsidiaries (Note 37)	17,536,585	175
– interests in a subsidiaries from a non-controlling shareholder (Note (i))	1,518,292	15
– available-for-sale financial assets (Note (ii))	2,500,000	25
Issue of shares pursuant to placing agreement (Note (iii))	40,000,000	400
At 31 March 2014	728,220,877	7,282

Notes:

(i) Pursuant to a sale and purchase agreement entered with Mr. Woo Wai Man, David ("Mr. Woo") relating to the acquisition of 10% of the entire issued share capital of China Petro (defined in Note 28), the consideration was settled by the Company to issue 1,518,292 new shares of the Company, credited as fully paid, to Mr. Woo on 16 April 2013.

(ii) Pursuant to a sale and purchase agreement entered with Mr. Woo relating to the acquisition of 10% issued capital of China Energy and the shareholder's loan incurred by Chine Energy to Mr. Woo, the consideration was settled by the Company to issue 2,500,000 new shares of the Company, credited as fully paid to Mr. Woo on 16 April 2013.

(iii) Pursuant to the placing agreement entered into on 3 June 2013 and supplemental placing agreement entered into on 14 June 2013, the Company had issued 40,000,000 new shares at a placing price of HK$2.10 per share on 25 June 2013.

27. Reserves of the Company

	Share premium HK$'000	Contributed surplus HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 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
Loss and total comprehensive income for the year	–	–	(56,869)	(56,869)
Acquisition of subsidiaries	36,301	–	–	36,301
Acquisition of interest in a subsidiary from a non-controlling shareholder	3,143	–	–	3,143
Issue of shares to acquire available-for-sale financial assets	5,175	–	–	5,175
Issue of shares pursuant to placing agreement	83,600	–	–	83,600
Transaction cost attributable to issue of placing shares	(2,100)	–	–	(2,100)
Transactions with owners	126,119	–	–	126,119
At 31 March 2014	414,488	654	(91,040)	324,102

28. Interests in Subsidiaries and Amounts with Subsidiaries

	2014 HK$'000	2013 HK$'000
Unlisted shares at cost	1,054	1,054
Amounts due from subsidiaries	377,616	267,636
Impairment	(22,241)	(10,637)
	356,429	258,053

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 approximately HK$22,241,000 (2013: HK$10,637,000) was recognised as at 31 March 2014 because the related recoverable amount of the amounts due from the subsidiaries with reference to the value of the respective subsidiary were estimated to be less than its carrying amount. Accordingly, the carrying amounts of the related amount due are reduced to its recoverable amounts as at 31 March 2014.

28. Interests in Subsidiaries and Amounts with Subsidiaries *(Continued)*

Particulars of the subsidiaries as at 31 March 2014 and 2013 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 2014 %	2013 %	Principal activities
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
北京覃寶康醫療科技發展有限公司 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

28. 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 2014 %	2013 %	Principal activities
China Petro-chemical Resources Trading Company Limited ("China Petro")	Hong Kong 28 April 2011	HK$1,000,000	100	90	Agency service and trading of MTBE products
S&J	United Kingdom 19 January 2006	GBP100	100	100	Wholesale and retail of household consumables
Bright Rising Holdings Limited*	BVI 3 May 2012	USD1	100	100	Investment holding
Bright Rising Enterprise Limited	Hong Kong 15 May 2012	HK$10,000	100	100	Provision of management services
Star Fantasy International Limited*	BVI 2 January 2013	USD1	100	100	Investment holding
Golden Star Group Holdings Limited*	BVI 26 April 2013	USD1	100	N/A	Investment holding
China Coal	BVI 14 December 2012	USD1	100	–	Investment holding
China Coal Alliances Trading Company Limited ("China Coal Alliances")	Hong Kong 24 December 2012	HK$1,000,000	90	–	Trading of coal products
Think Medical Science (HK) Company Limited***	Hong Kong 6 January 2012	HK$1,000	N/A	70	Investment holding

* The subsidiary is directly owned by the Company.
** English translated name is for identification purpose only.
*** The Company was dissolved on 3 January 2014.

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

29. 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.

30. 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;

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

Participants *(Continued)*

(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.

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 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 commencing from the date of grant of the share option to the 10th anniversary of the date of grant.

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

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

Basis of determining exercise price

It is determined by the Directors 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 2014 and 2013, no option was granted, exercised or lapsed under the Scheme.

31. Pledge of Assets

Save for those disclosed elsewhere in these financial statements including Note 24, 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:

	2014 HK$'000	2013 HK$'000
Property, plant and equipment	9,650	10,143
Prepaid lease payments	3,978	4,056
Pledged bank deposit	7,807	7,803
	21,435	22,002

The Group's credit facilities from financial institutions were also secured by corporate guarantee executed by the Company in the amount of approximately HK$27,150,000 (2013: HK$39,000,000).

32. Commitments

(a) Capital Commitments

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

	2014 HK$'000	2013 HK$'000
Contracted but not provided for in the consolidated financial statements for acquisition of subsidiaries	–	42,590

(b) Operating Lease Commitments

The Group as lessee:

The Group made minimum lease payments of approximately HK$3,467,000 (2013: HK$2,096,000) under operating leases in respect of office premises, director's quarter, car-parking space and warehouse 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	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Within one year	7,356	4,975	6,429	3,801
In the second to fifth years inclusive	10,634	3,122	9,074	2,926
	17,990	8,097	15,503	6,727

Included in the above operating lease commitments of the Group and the Company is an aggregate amount of approximately HK$2,908,000 relating to a non-cancellable lease of office premises with original expiry date on 31 May 2015. On 6 June 2014, the Company has entered into an agreement with the landlord to early surrender the premises on 15 July 2014.

33. 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 parties	Nature of transactions	2014 HK$'000	2013 HK$'000
Mr, Woo (Note (a))	Management fee	2,434	2,248
Mr. Ng Kwai Wah, Sunny ("Mr. Ng") (Note (b))	Consultancy fee	1,500	1,500

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

(b) The consultancy fee is paid to Mr. Ng, the Joint 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 2014 was as follows:

	2014 HK$'000	2013 HK$'000
Fees, salaries and other allowances	12,856	10,651
Retirement benefit scheme contributions	89	77
	12,945	10,728

34. 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.

35. Financial Instruments

(a) Categories of financial instruments

	2014 HK$'000	2013 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash), measured at amortised cost	471,093	390,449
Available-for-sale financial assets, measured at fair value	2,200	–
	473,293	390,449
Financial liabilities		
Financial liabilities, measured at amortised cost	214,221	107,086

(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, available-for-sale financial assets, trade and other payables, trust receipt loan and promissory note. 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 HKD and MOP.

35. Financial Instruments *(Continued)*

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

(i) Currency risk *(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% (2013: 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% (2013: 5%) against the relevant currencies.

	2014 **HK$'000**	2013 HK$'000
USD against MOP	12	20

For a 5% (2013: 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 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 monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

At 31 March 2014, it is estimated that had a general increase/decrease of 2% in interest rate, with all other variable held constant, would increase/decrease the Group's loss for the year by approximately HK$34,000. (2013: decrease/increase the Group's profit for the year by approximately HK$46,000).

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.

35. 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 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 95.1% and 90.6% of the Group's total trade receivables as at 31 March 2014 and 31 March 2013, 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 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$21,332,000 (2013: HK$21,349,000), refundable deposit to a supplier of equipment items of HK$30,800,000 (2013: HK$5,000,000), and prepayment to a supplier for the acquisition of major raw materials of approximately HK$33,570,000 (2013: 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 and equipment items are used for the production of the existing Hygienic Disposables Business, the Directors 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.

35. Financial Instruments *(Continued)*

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

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.

Liquidity and interest risk table

	Weighted average of contractual interest rate %	Less than 90 days or on demand HK$'000	Beyond 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2014					
Trade and other payables	–	203,840	–	203,840	203,840
Trust receipt loan	2.15	6,858	–	6,858	6,829
Promissory note	–	–	4,000	4,000	3,552

	Weighted average of contractual interest rate %	Less than 90 days or on demand HK$'000	Total undiscounted cash flows HK$'000	Carrying amount 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

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

36. 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$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2014				
Assets				
Available-for-sale financial assets –				
Unlisted equity securities	–	–	2,200	2,200

The fair value of the available-for-sale financial assets, unlisted equity securities, is determined based on an income approach 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 projection period are extrapolated using an estimated growth rate of 2.8%. The rate used to discount the forecast cash flows is 12.69%. 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 31 March 2014, 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 approximately HK$500,000.

36. Fair Value Measurement of Financial Instruments *(Continued)*

Fair value estimation *(Continued)*

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

Available-for-sale financial assets	HK$'000
At 1 April 2013	–
Additions during the year	3,250
Impairment	(1,050)
At 31 March 2014	2,200

During the year ended 31 March 2014, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (2013: 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.

37. Acquisitions of Subsidiaries and Promissory Note

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 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") which shall be 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. The China Coal Group is engaged in the Coal Business, and it is acquired to diversify the business of the Group in order to maximise returns of the Group.

In addition, as part of the acquisition, for the period from 1 April 2013 to 31 March 2014, if the actual 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 obligations 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, the estimated fair value of the contingent consideration receivable is not significant at the date of acquisition and 31 March 2014. Pursuant to the Company's announcement dated 13 June 2014, the Profit Guarantee has been fulfilled.

37. Acquisitions of Subsidiaries and Promissory Note *(Continued)*

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

	China Coal Group HK$'000
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)
	43,075
Consideration satisfied by:	
Fair value of Promissory Note	3,359
Cash paid	3,240
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 of the Group and net profit attributable to owners of the Company of approximately HK$131,654,000 and HK$3,679,000 respectively, for the current year. If the acquisition had occurred on 1 April 2013, it would have no significant effect on the consolidated revenue and loss of the Group for the year shown in the consolidated statement of comprehensive income.

The Promissory Note is unsecured, interest-free and is repayable in one lump sum on maturity on the date falling three years after the date of issue.

Imputed interest expenses on the Promissory Note are calculated using the effective interest method by applying the effective interest rate of 5.99% per annum, the imputed interest expenses of approximately HK$193,000 (2013: HK$Nil) was debited to the profit or loss of the Group for the year ended 31 March 2014 (Note 8).

38. Dissolution of a Subsidiary

On 3 January 2014, the Group dissolved Think Medical Science (HK) Company Limited pursuant to Section 291AA(9) of the Hong Kong Companies Ordinance.

	HK$'000
Cash received	–
Analysis of assets and liabilities of the subsidiary dissolved	
Receivable from a non-controlling shareholder	147
Loss on dissolution of a subsidiary	147

39. Significant Events After the Reporting Period

(a) 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 in Goldbell Holdings Limited, a company principally engaged in mining, processing, smelting and trading of gold in Gansu Province, the PRC through its subsidiaries. The Directors consider that the possible acquisition, if materialised, represents a good opportunity for the Group to diversify its business and develop a new revenue stream.

Further details are set out in the Company's announcements dated 29 May 2013, 24 September 2013, 31 December 2013, 28 March 2014 and 30 April 2014. 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 14 May 2014 with the placing agent pursuant to which the placing agent has conditionally agreed with the Company to place up to 31,840,000 placing shares of the Company on a best effort basis to not less than six placees who are independent third parties at the placing price of HK$2.45 per placing share. The placing was completed on 6 June 2014 and a total of 23,700,000 placing shares was issued and allotted. Further details are set out in the announcements of the Company dated 14 May 2014 and 6 June 2014.

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

(c) Issue of HK$100,000,000 guaranteed convertible bonds due 2016

On 11 June 2014, the Company and Fulledge Limited ("Fulledge") as subscriber, an independent third party, entered into a subscription agreement pursuant to which Fulledge has agreed to subscribe for, and the Company has agreed to issue, the convertible bonds in the aggregate principal amount of HK$100,000,000. The convertible bonds shall bear interest at the rate of 8% per annum. The convertible bonds shall be mature on the date falling two years from the date of the issue, and the Company will redeem the outstanding convertible bonds at 124% of its principal amount on the maturity date. The conversion price is HK$3.20 per share and subject to adjustments. The issue of the convertible bonds has been completed on 19 June 2014. Further details are set out in the Company's announcement dated 11 June 2014.

40. Comparative Amounts

The refundable deposits included in trade and other receivables and prepayments as at 31 March 2013 have been reclassified to conform with the presentation of current assets as at 31 March 2014.

Financial Summary

Results

	Year ended 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**581,271**	565,152	259,094	426,272	427,116
(Loss) profit for the year	**(137,428)**	6,802	(35,105)	54,925	78,944
Total comprehensive income for the year attributable to owners of the Company	**(134,399)**	5,793	(28,495)	57,179	79,079

Assets and Liabilities

	As at 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**627,135**	518,072	428,965	465,087	382,682
Total liabilities	**(237,189)**	(122,038)	(38,374)	(27,316)	(156,629)
Net assets	**389,946**	396,034	390,591	437,771	226,053

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 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 2014.