Newtree

Newtree Group Holdings Limited
友川集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01323)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

FINANCIAL HIGHLIGHTS

- Revenue decreased slightly by approximately 0.2% to HK$426.3 million
- Gross profit increased by approximately 19.5% to HK$110.9 million
- Gross profit margin increased from 21.7% to 26.0%, mainly because of a shift of sales volume from trading products to manufactured products in respect of the Group's clinical application products
- Profit for the year decreased by approximately 30.4% to HK$54.9 million, mainly because of the listing expenses of HK$23.1 million and the increase of administrative expenses
- Earnings per share decreased by approximately 34.8% from HK15.58 cents to HK10.16 cents
- The Board recommended payment of a final dividend of HK$0.03 per share for the year ended 31 March 2011 (2010: Nil)

ANNUAL RESULTS

The board of directors (the "Board") of Newtree Group Holdings Limited (the "Company") is pleased to announce the audited annual results of the Company and its subsidiaries (together as the "Group") for the year ended 31 March 2011 with the comparative figures for the corresponding period in 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Revenue	3	**426,272**	427,116
Cost of sales		**(315,341)**	(334,299)
Gross profit		**110,931**	92,817
Other income	4	**1,299**	7,497
Selling and distribution expenses		**(11,269)**	(11,747)
Administrative expenses		**(21,119)**	(8,619)
Listing expenses		**(23,110)**	—
Profit before taxation		**56,732**	79,948
Income tax expense	5	**(1,807)**	(1,004)
Profit for the year	6	**54,925**	78,944
Other comprehensive income			
Exchange difference arising on translation		**2,254**	135
Total comprehensive income for the year, attributable to owners of the Company		**57,179**	79,079
Earnings per share	8		
— basic (HK cents)		**10.16**	15.58

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	**2011**	2010
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**35,312**	42,370
Prepaid lease payments		**6,478**	6,417
		41,790	48,787
CURRENT ASSETS			
Inventories		**71,357**	43,773
Prepaid lease payments		**205**	198
Trade and other receivables and prepayments	9	**76,747**	124,754
Amount due from a controlling shareholder		**—**	155,933
Pledged bank deposit		**59,500**	—
Bank balances and cash		**215,488**	9,237
		423,297	333,895
CURRENT LIABILITIES			
Trade and other payables and accruals	10	**24,478**	54,965
Amounts due to controlling shareholders		**—**	100,325
Tax payable		**2,838**	1,339
		27,316	156,629
NET CURRENT ASSETS		**395,981**	177,266
Total net assets		**437,771**	226,053
CAPITAL AND RESERVES			
Share/paid up capital		**6,667**	1,175
Reserves		**431,104**	224,878
Total equity		**437,771**	226,053

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 9 June 2010. On 13 July 2010, 16 November 2010 and 7 December 2010, the name of the Company changed from "Newtree Medical Enviro Material Holdings Ltd." to "Newtree Medical Enviro Holdings Limited", to "Newtree Clinical Consumables Holdings Limited", and then to the existing name, respectively. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 January 2011 (the "Listing"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company acts as an investment holding company. The principal activities of the Group is engaged in the manufacture and trading of plastic products.

Pursuant to a group reorganisation (the "Group Reorganisation") in preparation for the Listing, as more fully explained in the paragraph headed "Reorganisation" in the section headed "Corporate Reorganisation" in Appendix VI of the prospectus dated 31 December 2010 issued by the Company (the "Prospectus"), the Company became the holding company of Greenstar Enviro-Tech Investments Company Limited and its subsidiaries on 24 December 2010 upon completion of the Group Reorganisation.

The Group resulting from the Group Reorganisation is considered as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared using the principles of merger accounting as if the group structure under the Group Reorganisation had been in existence throughout the year ended 31 March 2010 and 2011 or since the respective dates of incorporation or establishment, whichever is the shorter period.

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 of the Company selected HKD as the presentation currency because the Directors consider that presenting the consolidated financial statements in HKD is preferable when controlling and monitoring the performance and financial position of the Group.

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

New and revised Standards and Interpretations applied in the current year

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (As revised in 2008)	Business Combinations
HKAS 27 (As revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners
HK — Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and disclosures set out in these consolidated financial statements.

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. The Group reassessed the classification of its unexpired leasehold land in accordance with the provisions set out in the amendments to HKAS 17. The application of the amendments to HKAS 17 does not have material impact on the classification of the Group's leasehold land.

New and revised Standards, Amendments and Interpretations issued but not yet effective

The Group has not early applied the following new or revised standards, amendments or interpretations which are not yet effective:

At the date of issue of these financial statements, the HKICPA has issued the following new or revised standards, amendments or interpretations which are not yet effective:

HKFRSs (Amendments)	Improvement in HKFRSs 2010[1]
HKFRS 7 (Amendments)	Disclosures: Transfer of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

[2] Effective for annual periods beginning on or after 1 July 2010.

[3] Effective for annual periods beginning on or after 1 July 2011.

[4] Effective for annual periods beginning on or after 1 January 2013.

[5] Effective for annual periods beginning on or after 1 January 2012.

[6] Effective for annual periods beginning on or after 1 January 2011.

"HKFRS 9 Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. "HKFRS 9 Financial Instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognized financial assets that are within the scope of "HKAS 39 Financial Instruments: Recognition and Measurement" are subsequently measured at either amortized 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 amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change 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 presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Currently, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year beginning 1 April 2013. Based on the Group's financial assets and financial liabilities as at 31 March 2011, the directors of the Company anticipate that the application of the new Standard may not have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

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

3. REVENUE AND SEGMENT INFORMATION

The Group has adopted HKFRS 8 ''Operating Segments'', which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The board of directors are the chief operating decision maker as they collectively make strategic decision towards the group entity's operation.

The Group is organized into the following reportable operating segments, by category of products for both periods:

- Household application products; and
- Clinical application products.

Segment result represents the profit earned by each segment without allocation of selling and distribution expenses, administrative expenses, listing expenses and other income. Segment assets represent trade and bills receivables, work-in-progress and finished goods which are attributable to each segment. This is the measure reported to the board of directors for the purpose of resource allocation and performance assessment. As the total liabilities are reviewed by the board of directors as a whole, the measure of total liabilities by each segment is therefore not presented.

An analysis of the Group's segment profit before taxation and assets by operating segment is as follows:

	For the year ended 31 March 2011		
	Household application products *HK$'000*	**Clinical application products** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**219,674**	**206,598**	**426,272**
Segment result	**72,488**	**38,443**	**110,931**
Unallocated income:			
Bank interest income			**1,171**
Other income			**128**
Unallocated expenses:			
Depreciation of property, plant and equipment			**(5,736)**
Amortization of prepaid lease payments			**(201)**
Listing expenses			**(23,110)**
Other expenses			**(26,451)**
Profit before taxation			**56,732**
Segment assets as at 31 March 2011	**34,214**	**53,345**	**87,559**
Unallocated assets:			
Property, plant and equipment			**35,312**
Prepaid lease payments			**6,683**
Inventories			**54,412**
Other receivables and prepayments			**6,133**
Pledged bank deposit			**59,500**
Bank balances and cash			**215,488**
Consolidated assets as at 31 March 2011			**465,087**

	For the year ended 31 March 2010		
	Household application products	Clinical application products	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers	225,169	201,947	427,116
Segment result	74,654	18,163	92,817
Unallocated income:			
Bank interest income			30
Gain on disposal of property, plant and equipment			12
Imputed interest income arising on the amount due from a controlling shareholder			5,000
Other income			2,455
Unallocated expenses:			
Depreciation of property, plant and equipment			(1,953)
Amortization of prepaid lease payments			(197)
Other expenses			(18,216)
Profit before taxation			79,948
Segment assets as at 31 March 2010	117,067	10,977	128,044
Unallocated assets:			
Property, plant and equipment			42,370
Prepaid lease payments			6,615
Inventories			36,447
Other receivables and prepayments			4,036
Amount due from a controlling shareholder			155,933
Bank balances and cash			9,237
Combined assets as at 31 March 2010			382,682

(a) Information about major customers

For the year ended 31 March 2011

The revenue from the Group's largest customer which attributed to clinical application products was approximately HK$145,697,000, representing 34.2% to the total sales of the Group for the year ended 31 March 2011.

In addition to the largest customer, there are one customer attributable to clinical application and two customers attributed to household application products contributing about 15.2%, 23.5% and 13.0% to the total sales of the Group. The revenue of these three customers was approximately HK$64,749,000, HK$100,046,000 and HK$55,489,000, respectively.

For the year ended 31 March 2010

The revenue from the Group's largest customer which attributed to household and clinical application products was approximately HK$139,056,000, representing 32.6% to the total sales of the Group for the year ended 31 March 2010.

In addition to the largest customer, there are three customers attributed to household application products contributing about 19.0%, 17.4% and 13.3% to the total sales of the Group. The revenue of these three customers was approximately HK$81,228,000, HK$74,249,000 and HK$56,983,000, respectively.

(b) Information about geographical areas

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

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

	Revenue by geographical market	
	2011	2010
	HK$'000	*HK$'000*
United Kingdom	**146,326**	151,424
United States of America	**167,374**	141,203
Norway	**100,047**	81,228
Sweden	**1,805**	2,296
Germany	**3,918**	24,766
Singapore	—	15,400
Others	**6,802**	10,799
	426,272	427,116

4. OTHER INCOME

	2011	2010
	HK$'000	*HK$'000*
Bank interest income	**1,171**	30
Gain on disposal of property, plant and equipment	—	12
Exchange gain	—	2,242
Imputed interest income arising on the amount due from a controlling shareholder	—	5,000
Others	**128**	213
	1,299	7,497

5. INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
Income tax expense represents:		
Current year tax:		
People's Republic of China (the "PRC") Enterprise Income Taxation ("EIT")	**1,807**	1,004

(i) Hong Kong ("HK")

HK Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for HK Profits Tax has been made in the consolidated financial statements as the HK subsidiaries of the Group had no assessable profit for the years.

In March 2011, the Hong Kong Inland Revenue Department (the "HKIRD") issued to a wholly-owned subsidiary in Macau a profits tax assessment of HK$5,600,000 relating to the year of assessment 2004/2005, that is, for the financial year ended 31 March 2005. The Group is lodging an objection with the HKIRD against the assessment.

In the opinion of the directors, the subsidiary involved did not carry on any business in Hong Kong for the year of assessment 2004/2005. As such, the directors believe that no profits tax should be payable by the said subsidiary for this year of assessment and hence no provision for Hong Kong Profits Tax in respect of the assessment is considered necessary.

(ii) The PRC

Under the Law on Enterprise Income Tax and Implementation Regulation, the statutory EIT rate of the Group's subsidiary in the PRC has been reduced to 25% from 1 January 2008 onwards.

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

(iii) Macau

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

6. PROFIT FOR THE YEAR

	2011	2010
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Auditors' remuneration	**1,705**	59
Directors' remuneration	**965**	136
Other staff costs	**9,489**	8,474
Retirement benefit scheme contributions	**552**	357
Total staff costs	**11,006**	8,967
Cost of inventories	**315,341**	334,299
Depreciation of property, plant and equipment	**9,218**	5,344
Amortization of prepaid lease payments	**201**	197
Impairment loss recognised on other receivables	**71**	—
Gain on disposal of property, plant and equipment	**—**	(12)
Net exchange loss (gain)	**2,374**	(2,242)

7. DIVIDENDS

The directors of the Company recommended payment of a final dividend of HK$0.03 per share for the year ended 31 March 2011. The proposed dividend of approximately HK$20,000,000 will be paid on or before 19 September 2011 to those shareholders whose names appear on the Company's register of members on 2 September 2011.

This proposed dividend is subject to approval by the shareholders at the forthcoming annual general meeting ("AGM").

The dividend recognised as distribution amounted to HK$140,000,000 during the year ended 31 March 2011, was declared by Two-Two-Free on 30 June 2010 prior to the completion of the Group Reorganisation. The shareholders are directors of Two-Two-Free and the dividend distribution was settled through the balances with the directors.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company for the year are based on the following data:

	2011	2010
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**54,925**	78,944
Weighted average number of ordinary shares for the purpose of basic earnings per share	**540,857,781**	506,666,000

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company for the year and the weighted average number of shares for the purpose of calculating basic earnings per share assuming the capitalization issue as disclosed in Appendix VI of the Prospectus occurred the first day of the year, and the assumption that the Group Reorganisation had been effective on 1 April 2009.

No diluted earnings per share is presented for both years as there were no potential ordinary shares in issue.

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**52,545**	106,495
Bills receivables	**18,069**	14,223
Prepayments	**947**	3,057
Other receivables	**5,186**	979
	76,747	124,754

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:

	2011	2010
	HK$'000	*HK$'000*
Trade and bills receivables:		
0–30 days	**31,844**	27,141
31–60 days	**5,108**	29,274
61–90 days	**8,920**	64,303
Over 90 days	**24,742**	—
	70,614	120,718

10. TRADE AND OTHER PAYABLES AND ACCRUALS

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**17,773**	51,393
Accruals	**1,054**	44
Other tax payables	**605**	2,760
Others	**5,046**	768
	24,478	54,965

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

	2011	2010
	HK$'000	*HK$'000*
0–30 days	**13,070**	18,644
31–60 days	**3,261**	17,870
61–90 days	**99**	14,879
Over 90 days	**1,343**	—
	17,773	51,393

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the Group has been engaged in the manufacture and trading of hygienic disposables for household and clinical use.

For the year under review, the Group recorded an audited profit of approximately HK$54.9 million (2010: audited profit of approximately HK$78.9 million).

Revenue

The Group's revenue decreased by HK$0.8 million or 0.2% from HK$427.1 million for the year ended 31 March 2010 to HK$426.3 million for the corresponding period in 2011.

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 2011, with comparative figures for the corresponding period in 2010.

	2011	**2011**	2010	2010
	HK$'000	***%***	*HK$'000*	*%*
By Sector:				
Household application	**219,674**	**51.5**	225,169	52.7
Clinical application	**206,598**	**48.5**	201,947	47.3
Total	**426,272**	**100.0**	427,116	100.0
By geographical locations:				
United Kingdom	**146,326**	**34.3**	151,424	35.5
United States of America	**167,374**	**39.3**	141,203	33.1
Norway	**100,047**	**23.5**	81,228	19.0
Sweden	**1,805**	**0.4**	2,296	0.5
Germany	**3,918**	**0.9**	24,766	5.8
Singapore	—	—	15,400	3.6
Others	**6,802**	**1.6**	10,799	2.5
	426,272	**100.0**	427,116	100.0

The Group's revenue on household application products decreased by HK$5.5 million or 2.4%, from HK$225.2 million for the year ended 31 March 2010 to HK$219.7 million for the corresponding period in 2011 as the Group intends to focus more on clinical application products which is of a greater growth potential. The Group's revenue on clinical application products increased by HK$4.7 million or 2.3%, from HK$201.9 million for the year ended 31 March 2010 to HK$206.6 million for corresponding period in 2011 mainly due to the increase in sales from our customers in the United States of America (the "US").

Cost of sales

Cost of sales decreased by 5.7% from HK$334.3 million for the year ended 31 March 2010 to HK$315.3 million for the corresponding period in 2011. The decrease mainly comes from a shift of sales volume from trading products to manufactured products.

Gross profit and gross profit margin

Gross profit increased by HK$18.1 million or 19.5%, from HK$92.8 million for the year ended 31 March 2010 to HK$110.9 million for the corresponding period in 2011. The Group's overall gross profit margin increased from 21.7% for the year ended 31 March 2010 to 26.0% for the corresponding period in 2011, primarily as a result of the changes in the product mix of the Group's sales.

The following table sets forth the Group's gross profit and the gross profit margin by sector for the year ended 31 March 2011, with comparative figures for the corresponding period in 2010.

	2011	**2011**	2010	2010
	HK$'000	*%*	*HK$'000*	*%*
By Sector:				
Household application	**72,488**	**33.0**	74,654	33.2
Clinical application	**38,443**	**18.6**	18,163	9.0
Total	**110,931**	**26.0**	92,817	21.7

The gross profit derived from household application products decreased by HK$2.2 million or 2.9%, from HK$74.7 million for the year ended 31 March 2010 to HK$72.5 million for the corresponding period in 2011. The gross profit margin for household application products decreased from 33.2% for the year ended 31 March 2010 to 33.0% for the corresponding period in 2011.

The gross profit of clinical application products increased by HK$20.2 million or 111.7%, from HK$18.2 million for the year ended 31 March 2010 to HK$38.4 million for the corresponding period in 2011. The gross profit margin for clinical application products increased from 9.0% for the year ended 31 March 2010 to 18.6% for the corresponding period in 2011 primarily due to a shift of sales volume from trading products to manufactured products, improving the gross profit margin.

Other income

Other income mainly consists of exchange gain, bank interest income and imputed interest income arising on the amount due from a controlling shareholder of the Company. Other income decreased by HK$6.2 million or 82.7%, from HK$7.5 million for the year ended 31 March 2010 to HK$1.3 million for the corresponding period in 2011 mainly due to the decrease in exchange gain of HK$2.2 million and the decrease in imputed interest income arising on the amount due from a controlling shareholder of HK$5.0 million from the previous corresponding period.

Selling and distribution expenses

Selling and distribution expenses mainly consist of transportation expenses, custom and inspection fees and commission paid to sales agents who may from time to time introduce new orders to our Group. The selling and distribution expenses decreased by HK$0.4 million or 4.1%, from HK$11.7

million for the year ended 31 March 2010 to HK$11.3 million for the corresponding period in 2011 and this was mainly due to a reduction in commission paid to sales agents which was partially offset by the increase in custom declaration charges.

Administrative expenses

Administrative expenses mainly consist of salaries, staff welfare expenses, amortization of prepaid lease payment, depreciation of properties, plants and equipment in relation to the administrative functions. The administrative expenses increased by HK$12.5 million or 145.0%, from HK$8.6 million for the year ended 31 March 2010 to HK$21.1 million for the corresponding period in 2011 mainly due to the increase in depreciation charges on the temporary structure, audit fee and other office and travelling expenses in relation to the Listing.

Listing expenses

Listing expenses refer to the share of fees paid to various professional parties in relation to the Listing for the year ended 31 March 2011, none of which was incurred in the corresponding period in 2010.

Profit before taxation

The Group's profit before taxation decreased by HK$23.2 million or 29.0%, from HK$79.9 million for the year ended 31 March 2010 to HK$56.7 million for the corresponding period in 2011. The decrease was mainly due to the increase of administrative expenses of HK$12.5 million, expenses from the Listing of HK$23.1 million and the decrease of other income of HK$6.2 million, which was partially offset by the increase in gross profit of HK$18.1 million.

Income tax expenses

Income tax expenses increased by HK$0.8 million or 80.0%, from HK$1.0 million for the year ended 31 March 2010 to HK$1.8 million for the corresponding period in 2011.

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

Total comprehensive income for the period attributable to owners of the Company decreased by HK$21.9 million or 27.7%, from HK$79.1 million for the year ended 31 March 2010 to HK$57.2 million for the corresponding period in 2011. The Group's net profit margin decreased from 18.5% in the year ended 31 March 2010 to 12.9% in the corresponding period in 2011.

Final dividend

The Board recommended payment of a final dividend of HK$0.03 per share for the year ended 31 March 2011 (2010: Nil), representing 35.0% of the profit and total comprehensive income attributable to the owners of the Company, payable to the shareholders of the Company whose names appear on the register of members of the Company on 2 September 2011. Based on the number of issued shares of the Company as at 31 March 2011, this represents a total distribution of approximately HK$20 million. Subject to the approval of the shareholders at the 2011 AGM, it is expected that the final dividend will be paid on or before 19 September 2011.

FINANCIAL REVIEW

Liquidity and financial resources

The Group's principal source of working capital was cash generated from the sales of its products. The Group's current ratio as at 31 March 2011 was 15.5 (as at 31 March 2010: 2.1). As at 31 March 2011 and 31 March 2010, the gearing ratio, which is calculated with total borrowings over shareholder's equity, was zero.

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 2011. The exposure in exchange rate risks mainly arose from fluctuations of USD, HKD and Macau Pataca ("MOP"). The Group's currency risk exposure in relation to the monetary financial assets is expected to be minimal as USD and MOP are pegged with HKD.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation on interest rates arising from the Group's bank balances and pledged bank deposit. The Group's exposure to interest rate risks on bank balances and pledged bank deposit is expected to be minimal.

CHARGE ON ASSET

A bank deposit of HK$59.5 million (2010: Nil) has been pledged as security for certain banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 March 2011, the Group did not have any material contingent liabilities.

COMMITMENTS

As at 31 March 2011, the Group did not have any material commitments.

MATERIAL ACQUISITION AND DISPOSAL

During the year ended 31 March 2011, the Company had no material acquisition or disposal of subsidiaries and affiliated companies.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFER

The shares of the Company were listed on the Main Board of the Stock Exchange on 13 January 2011. The estimated net proceeds from the Listing after deducting the relevant expenses were approximately HK$271.5 million. The Company currently does not have any intention to change its plan for use of proceeds as stated in the Prospectus.

HUMAN RESOURCES

The number of employees of the Group as at 31 March 2011 was approximately 225, 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

The Group's vision is to become a leading manufacturer of clinical consumables in the PRC, European countries and the US by providing quality and patented products to its customers.

To provide better service to its customers, the Group will endeavour to offer additional products by expanding its product portfolio. The Group recognizes that in order to remain competitive and to stay at the forefront of the industry, it is vital that the Group continues to develop its proprietary technology. Hence, the Group will focus on the development of proprietary technology and new product offerings by increasing its research and development capabilities.

With the continuous tightened control by the PRC government's healthcare policies and as part of our growth strategy, we plan to leverage on our product and market experience with the European and US markets and tap into the Chinese medical consumable market.

The Group is currently seeking opportunities to expand the distribution network in our European and US markets. For the PRC market, negotiation between business partners for the importation and development of the Category II medical device under the classification of "Medical Devices Classification index" is being underway.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

The Company places high value on its corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of its shareholders. The Company has adopted the Code on Corporate Governance Practices (the "Corporate Governance Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its code to govern its corporate governance practices. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve high standards of corporate governance practices. Since the Listing on 13 January 2011 and up to 31 March 2011, the Company has continued to apply and meet the code provisions (the "Code Provisions") of the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by its directors. The Company confirms that, having made specific enquiry of all the directors of the Company, the directors have complied with the required standards as set out in the Model Code since the Listing on 13 January 2011 and up to 31 March 2011.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2011, 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 ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules were as follows:

Name of director	Nature of interest	Total number of shares held *(note)*	Approximate percentage of interest in the Company
Mr. Chum Tung Hang	Beneficial owner	476,666,000	71.5%

Note: These 476,666,000 shares are held by Able Bright Limited, which in turn is wholly and beneficially owned by The Chum's Family Trust. The Chum's Family Trust is deemed under the SFO to be interested in 476,666,000 shares held by Able Bright Limited.

DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURE

Save as otherwise disclosed, at no time during the year and up to the date of this announcement 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.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2011, the following persons (not being a director or the chief executive of our Company) have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Nature of interest	Total number of shares held *(note)*	Approximate percentage of interest in the Company
The Chum's Family Trust *(note)*	Interest of corporation controlled by substantial shareholders	476,666,000	71.5%
Golden Realm Limited *(note)*	Interest of corporation controlled by substantial shareholders	476,666,000	71.5%
Able Bright Limited	Beneficial owner	476,666,000	71.5%

Note: The entire issued share capital of Golden Realm Limited is registered in the name of Bank Sarasin Nominees (CI) Limited ("Bank Sarasin Nominees"). Bank Sarasin Nominees acts as nominee for Sarasin Trust Company Guernsey Limited as trustee of The Chum's Family Trust, which is in its capacity as trustee of The Chum's Family Trust deemed to be interested in the shares held by the Chum's Family Trust under the SFO.

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 2011.

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; (ii) the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue.

Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the Directors and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

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

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENT

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

The Audit Committee comprises three independent non-executive directors, being Mr. Chan Bing Chung, Mr. Chow Tsu-Yin and Mr. Lee Thomas Tuan-Tong. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the audited consolidated financial statements of the Group for the year ended 31 March 2011 and considered that the Company had complied with all applicable accounting standards and requirements and made adequate disclosures. The consolidated financial statements for the year ended 31 March 2011 have been audited by the Company's auditors, Deloitte Touche Tohmatsu.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") on 17 December 2010, whose primary duties are to evaluate and make recommendations to the Board regarding the compensation of the directors of the Company. In addition, the Remuneration Committee conducts reviews of the performance and determines the compensation structure of the senior management of the Group. The current members of the Remuneration Committee are Mr. Chow Tsu-Yin, Mr. Lee Thomas Tuan-Tong, Mr. Chan Bing Chung and Mr. Chum Tung Hang.

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") on 17 December 2010 to make recommendations to the Board regarding candidates to fill vacancies on the Board. The current members of the Nomination Committee are Mr. Lee Thomas Tuan-Tong, Mr. Chan Bing Chung and Mr. Chow Tsu-Yin.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is available for viewing on the websites of the Stock Exchange at www.hkex.com.hk and of the Company at www.newtreegroupholdings.com.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2011 is scheduled to be held on Thursday 25 August 2011. A notice convening the annual general meeting will be issued and disseminated to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Tuesday 23 August 2011 to Thursday 25 August 2011, both days inclusive for the purpose of determining the identity of members who are entitled to attend and vote at the annual general meeting. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Monday 22 August 2011.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from Wednesday 31 August 2011 to Friday 2 September 2011, both days inclusive for the purpose of determining the identity of members who are entitled to the final dividend for the year ended 31 March 2011. In order to qualify for the final dividend for the year ended 31 March 2011, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Tuesday 30 August 2011.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

At 31 March 2011 and up to the date of this announcement, there have been no changes to information required to be disclosed by the directors of the Company pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules, where applicable.

By the order of the board
Newtree Group Holdings Limited
Chum Tung Hang
Chairman

Macau, 28 June 2011

As at the date of this announcement, the executive directors of the Company are Mr. Chum Tung Hang, Mr. Chum Hon Sing and Ms. Lei Sao Cheng; and the independent non-executive directors are Mr. Lee Thomas Tuan-Tong, Mr. Chow Tsu-Yin and Mr. Chan Bing Chung.